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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

Pesenti's crippled empire up for grabs, Page 21

NEWS SUMMARY

GENERAL

Pressure on Israel to quit Lebanon

Diplomatic activity after the bombing of the U.S. embassy in Beirut appears to have pushed forward efforts to secure a withdrawal of Israeli forces from south Lebanon, where their presence is considered a stumbling block to peace.

The surprise visit by Mr Richard Murphy, the U.S. Assistant Secretary of State for Middle East Affairs, to Damascus is almost certainly connected with attempts to end the Israeli occupation of south Lebanon.

The visit coincided with a significant statement by Mr Yitzhak Shamir, the Israeli Foreign Minister, that Jerusalem is prepared to drop its demand for the simultaneous withdrawal of Syrian and Israeli troops from Lebanon. Page 7; Editorial comment, Page 16

Chad withdrawal

France and Libya went ahead with preparations for a massive troop withdrawal from Chad, due to begin today.

Swedish Navy plea

Admiral Bengt Schuback, the new commander-in-chief of the Swedish Navy, said the country's anti-submarine forces should be tripled.

Smugglers arrested

West German customs arrested a seven-man gang that smuggled gold and silver worth over DM 40m (\$13m) from Luxembourg to West Germany.

Spy suspect

West German counter-intelligence agents detained an employee of aerospace and arms manufacturer Messerschmitt-Bolkow-Blomh on suspicion of spying for the Soviet Union. MBB plays a leading role in production of Nato's latest multi-role combat aircraft, the Tornado.

Neo-Nazi plan

Neo-Nazi leader Karl-Heinz Hoffmann, accused of ordering two murders in West Germany, told a Nuremberg court he had planned to build an arms factory in Lebanon to supply Palestinian guerrillas.

Pershing accident

A U.S. Army tractor-trailer carrying an unarmed Pershing 2 nuclear missile overturned during a training exercise in West Germany, damaging the rocket but causing no injuries.

Schoolboys die

Mimbus carrying schoolboys to football match collided with a steel lorry in West Bromwich, England, killing a teacher and four children and injuring nine.

Soviet donation

Soviet miners have donated a day's wages, about 20,000 rubles (\$2,600), to a fund for striking miners in the UK.

Airliner escape

All 208 people aboard an Afghan Airlines DC-10 escaped when the aircraft made an emergency landing at Kabul after being shot at and badly damaged by guerrillas.

Volcano rescue

Rescue teams saved about 150 people from torrents of scalding mud in the central Philippines when Mount Mayon volcano erupted again, threatening towns and villages with streams of lava.

N-plant debate

Controversy continues to surround the building of a new nuclear power station in Switzerland, despite the failure at the weekend of two anti-nuclear referendum proposals. Page 2

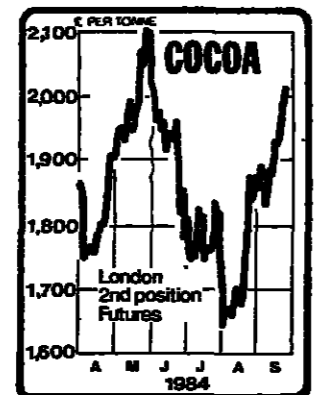
BUSINESS

U.S. bank profits are 'not realistic'

U.S. BANK profits would be sharply reduced if they accounted realistically for their loans to less developed countries, says Moody's, the credit rating agency. Page 19

DOLLAR was weaker in London, falling to DM 3.023 (DM 3.06), FFr 2.2455 (FFr 9.4), and SwFr 2.4925 (SwFr 2.5075). It was slightly firmer at Y244.1 (Y244.0). On Bank of England figures, its trade-weighted index closed at 140.9 from 142.3. In New York it closed at DM 3.0360-60, FFr 9.3, SwFr 2.501 and Y244.70. Page 39

STERLING also sustained losses in London, falling to \$1.2465 (\$1.2475), DM 3.1875 (DM 3.83), FFr 11.5265 (FFr 11.9425), SwFr 3.1025 (SwFr 3.155) and Y304.0 (Y304.125). Its trade-weighted index fell to 76.7 from 76.9. In New York it closed at \$1.2255. Page 39



COCOA prices rose sharply on the London futures market, on fears of renewed setbacks to next year's crops. The December position rose \$28.5 to £2,014.5 a tonne, while there were gains of over £50 for more distant delivery positions. Page 38

GOLD improved by \$0.50 an ounce on the London bullion market to \$347.00. It was also higher in Frankfurt at \$346.00 and in Zurich at \$348.25. In New York, the Comex September settlement was \$345.50. In New York, the Comex September settlement was \$345.50. Page 38

LONDON: Concern about the coal miners' strike pushed prices lower and the FT Industrial Ordinary index closed down 8.0 at 863.4. Tokyo was closed for a holiday. Section III

WALL STREET: The Dow Jones industrial average index closed 3.32 up at 1,205.06. Section III

ITALIAN Premier Bettino Craxi hopes next year to introduce a "heavy lira," which would equal 1,000 of the present much devalued currency units. Page 3

RENAULT resolved an industrial dispute that threatened to disrupt launch of a new model by giving in to most of the French union's demands. Page 18

LEYLAND today launches a new medium-weight truck called Roadrunner. Page 11

MONTEDEISON, leading Italian chemicals group, expects to break even this year after losses of £322m (\$170m) last year and £859m in 1982. Page 21

NEW YORK Stock Exchange will begin trading in several new options contracts, including individual stock options, this year after the success of composite index-based contracts. Page 21

FRENCH Exxon subsidiary Esso SAF achieved profits of FFr 133m (\$14m) in the first half of the year, recovering from a FFr 307m loss in the corresponding period of 1983. Page 21

SUZLER Brothers, Swiss engineering group, reports a 36 per cent jump in first-half new orders and expects reduced losses this year. Page 21

AUTOMOBILES PEUGEOT, the car division of the French motor group, has appointed Jean Bollet, chief executive to replace Jacques Calvet, who becomes group chairman. Page 21

Reagan offers restraint on 'star wars' defence

BY REGINALD DALE, U.S. EDITOR, IN NEW YORK

PRESIDENT RONALD Reagan yesterday offered to consider "restraint" in his "star wars" programme of space-based strategic defence in an attempt to entice the Soviet Union back to the nuclear arms negotiating table.

In an optimistic and conciliatory election-year address to the United Nations General Assembly, Mr Reagan called for the resumption of superpower talks "by the end of this year or shortly thereafter" in the hope of achieving an "historic breakthrough" in arms control.

U.S. officials said Mr Reagan's offer of restraint might involve a moratorium in the testing of anti-satellite weapons, which the Soviet

Union has called for as a precondition for resuming negotiations.

Mr Reagan made clear, however, that any such move by the U.S. would depend on equivalent Soviet restraint in space and substantial reductions in offensive strategic nuclear weapons. It would also have to be agreed during renewed talks, not before them, he told the United Nations.

U.S. officials said that while Mr Reagan's proposal did not represent a real shift in the U.S. position, it had been phrased in new, more forthcoming language to make it easier for the Soviet Union to resume the strategic arms negotia-

tions that it suspended in Geneva at the end of last year.

Declaring that the U.S. was ready for "constructive negotiations" with the Soviet Union, now that it had "repaired its strength," Mr Reagan called for a wide-ranging new series of exchanges and negotiations between the superpowers on arms reductions and other world issues.

He proposed "periodic consultations" at senior official level on regional issues around the world, to reduce the risk of U.S.-Soviet confrontation, and regular, institutionalised Cabinet-level meetings between the two superpowers.

In such talks, he suggested, the two sides could, for example, con-

sider exchanging their outline five year military plans for weapons development and procurement, and sending site observers to each other's countries to verify underground nuclear weapons testing limits. "We should work towards having such arrangements in place by next spring," he said.

Mr Reagan said the arms control process should be brought under a "bigger umbrella" so that progress would not depend on any single set of negotiations. U.S. officials said the idea was that some new organisational framework - possibly the intensified ministerial meetings - should supervise all the various individual arms control talks.

"If progress is temporarily halted at one set of talks, this newly established framework for arms control could help take up the slack at other negotiations," Mr Reagan said.

Mr Reagan is to put the proposals, which U.S. officials say are flexible, to Mr Andrei Gromyko, the Soviet Foreign Minister, at a meeting in Washington on Friday. Mr Gromyko yesterday sat just 15 feet in front of Mr Reagan, in stony and inscrutable silence, as Mr Reagan delivered his half-hour address to the assembly.

While the Reagan Administration hopes Moscow is now more ready to

continue on Page 18

Dollar falls as Bundesbank intervenes again

BY PHILIP STEPHENS IN LONDON, STEWART FLEMING IN WASHINGTON AND WILLIAM HALL IN NEW YORK

THE DOLLAR fell on foreign exchange markets yesterday in the face of further determined intervention by the West German Bundesbank.

Foreign exchange dealers, however, reported strong underlying demand for the U.S. currency and expressed doubts that the West German central bank alone could put more than a temporary brake on its recent rise.

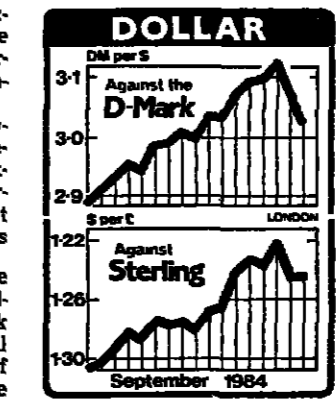
There were indications that one or two other central banks, including the Bank of Italy and the Bank of England, may have sold small quantities of dollars, but no sign of a big concerted move to push the dollar lower.

The dollar recovered in New York, however, late yesterday to finish close to its day's high against most leading currencies. Dealers said there was evidence that European banks, which had expected a greater downward movement in the U.S. exchange rate, were short of dollars and moving to cover their positions.

The D-Mark, which had closed in London at 3.023 against the dollar, finished in New York at 3.0380-90 and the yen moved from a London close of 244.1 to 244.70. Against sterling the U.S. currency strengthened slightly from its London close to finish at \$1.2255.

Mr Donald Regan, the U.S. Treasury Secretary, said in Washington that he believed the dollar would fall relative to European currencies as the growth of European economies picked up.

He reaffirmed the U.S. policy to intervene in the currency market only when it thought that trading had become "disorderly" or erratic.



However, he told newsmen at the IMF-World Bank conference that it was up to them whether the present currency market fell into that category.

Officials attending the International Monetary Fund meeting in Washington said that most governments were remaining on the sidelines until a clearer trend for the dollar emerged after West Germany's heavy intervention.

The Bundesbank's action yesterday was apparently aimed at maintaining the initiative after its massive dollar sales on Friday had succeeded in toppling the dollar from highs of DM 3.17.

Herr Karl Otto Pöhl, the Bundesbank president, said it was seeking to "calm down volatility," but added that, given the vast size of the foreign exchange market, it was necessary to intervene.

Continued on Page 18

Craxi on the lira, Page 3; Wall Street Report, Page 28; Currencies, Page 39

INFLATION 'NOT YET BEATEN'

IMF chief warns against relaxation of strict policies

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN WASHINGTON

THE WORLD economy is in better general shape now than at any time for the last eight years, Mr Jacques de Larosiere, managing director of the International Monetary Fund, told the formal opening of the IMF and World Bank annual conference in Washington yesterday.

He gave a strong warning, however, that countries must not yield to the temptation to relax their stringent financial policies and ultimately abortive, he said.

Almost every country still needed to reduce its inflation rate, he said, and reminded the finance ministers and central bankers present at the conference that the 4 1/2 per cent inflation target for industrial countries this year was still 1 1/2 percentage points above the average annual rate in the early and middle 1980s.

Mr de Larosiere repeated his recent strong call for a general reduction in government deficits, which he said, made markets fear that governments would resort to printing money as well as siphoning off savings away from business investment.

On Third World debt, Mr de Larosiere was cautiously optimistic. He said: "The prospects for an orderly and effective handling of the debt situation are much better than they were a year ago."

He added that the IMF commitment to help members should not entail any need for extra borrowing for the time being. That reflected the fund's prudent policies towards its members.

Although, he said, there was a need to consider a longer-term solution to the difficulties of debtor countries in conjunction with the

World Bank, the IMF's sister organisation, Mr de Larosiere firmly emphasised the virtue of the fund's present case-by-case approach on short-term assistance with strict conditions attached.

He pointed out that the current account deficit of the non-oil developing countries' balance of payments is expected to be less than \$50m this year, well under half the figure of three years ago and only 9 per cent of their exports. That would be the lowest proportion for 20 years.

Nevertheless, those countries would continue to need to make strenuous adjustments to live within their means, and Mr de Larosiere said: "Adjustment is not a policy option; it is obligatory for a country's survival."

The IMF policies were not short-sighted or "anti-growth," as was sometimes contended. "Far from it, they are consistent with growth and, indeed, indispensable to it."

He said: "It is in that context that the collaboration of the Fund and the World Bank is so important."

Mr de Larosiere also made a strong plea, clearly directed at the U.S., for an increase in aid to the Third World to help those nations with the long-term adjustment that stemmed from the disciplines of IMF programmes.

In another remark, also directed at the U.S., he called for closer collaboration among the leading nations over the thrust of their economic policies with better arrangements for monitoring by the IMF.

IMF meeting, Page 4; More decisions for Argentina; Venezuelan rescheduling, Page 15

Stora Kopparberg bids for rival Billerud paper group

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

STORA KOPPARBERG, the Swedish forest products and power group, is bidding to take over Billerud, one of its main rivals, in a deal that would make it the biggest pulp and paper producer in Sweden.

No details of the offer were disclosed yesterday, but share trading was suspended in the two companies as well as in Billerud's two main shareholders, Uddeholm, the special steel and power group, and Tresor, the investment company dominated by Mr Anders Wall, the leading Swedish financier.

Uddeholm has a holding of 49.4 per cent in Billerud, while Tresor holds a further 6.2 per cent as well as 40.4 per cent of the votes in Uddeholm.

A statement on the deal is expected today after the close of trading on the Stockholm Stock Exchange. Billerud's current market value is around SKr 2.8bn (\$322m), which puts a valuation of about SKr 1.55bn on the 56 per cent of the

equity held by Uddeholm and Tresor. If the deal goes through it will be one of the biggest company takeovers yet in the Swedish pulp and paper industry.

Stora Kopparberg, which claims to be the world's oldest joint-stock company, is the second largest pulp and paper producer in Sweden, with sales last year of SKr 3.7bn and a workforce of 9,400.

It was recently the subject of a long power struggle between Volvo, the motor manufacturer, and the Wallenberg interests, which have traditionally held control. Investor and Providentia, the Wallenberg investment companies, paid SKr 2.1bn to buy back a 25 per cent stake held by Volvo.

They already held an additional 25 per cent of the votes in Stora Kopparberg and during negotiations with Volvo rejected an offer to sell the company to it.

Billerud is the fifth largest forest products group in Sweden with

sales last year of SKr 4.7bn and a workforce of 8,134. It recently reported a jump of 32 per cent in profits in the first seven months of the year.

It gained 60 per cent of its sales from pulp and paper in Sweden, 14 per cent from forestry and timber and 9 per cent from packagings. The rest came from chemicals, electric power and pulp production from eucalyptus forests in Portugal.

There are few overlaps in the companies' paper and board production, with Stora Kopparberg chiefly in sack paper, corrugated board and liquid packaging and folding box board.

Stora Kopparberg's sales come 24.2 per cent from wood products, 18.2 per cent from pulp, 25 per cent from paper, 10.5 per cent from electric power and 11.8 per cent from pulp and paper operations in Nova Scotia, Canada.

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EUROPEAN NEWS

Japanese cars make hefty inroads into West German market

BY JOHN DAVIES IN FRANKFURT

JAPANESE carmakers have achieved a hefty sales increase in West Germany this year, although their market share, which was boosted by the recent labour conflict, has begun to taper off.

The West German vehicle industry has been keeping a close eye on the trend but generally sees no reason for concern.

New car registrations in the first eight months include nearly 209,700 Japanese vehicles, 18 per cent more than in the same period last year. This increase contrasts with a continued setback in the market as a whole, which has been disrupted by the virtual shutdown of motor vehicle assembly for seven weeks during the metalworkers' strike in May and June.

Registrations plummeted in June but have since recovered as car plants have not back into full swing. Even so, they are still 2.9 per cent down on a year ago at 1.67m since the beginning of the year.

The Japanese have gained 12.5 per cent of the market so far this year. They took a sizeable 16.9 per cent of the shrunken strike-hit market in June and although their share has dwindled since, they still had 14.5 per cent last month.

However, the West German Automobile Industry Association said yesterday there was no question of the Japanese infringing any understanding about the level of their exports.

Japanese car sales in West Germany rose dramatically in 1980 to nearly 252,000 or 10.4 per cent of the market. Their performance waned during the next two years, but bounced back last year with sales of 256,000, 10.6 per cent of the market.

Cars assembled abroad, including West German vehicles made in Spain, took a total of 33.5 per cent of the domestic market last month, and have gained a 30.9 per cent share in the first eight months.

In the whole of last year foreign cars supplied 37.2 per cent of the market and the West German industry is confident the foreign market share will again fall below 30 per cent this year.

The French, the second biggest foreign supplier after Japan, have increased sales this year by 2 per cent to 131,700 to take 7.9 per cent of the market. Italian manufacturers have boosted sales by 8.5 per cent to 82,200, to take 5.3 per cent of the West German market.

James Buchan in Bonn explains the political problems caused by an embarrassment of riches
Green eyes on West German party's funds

ON THE top floor of the Greens' party headquarters in Bonn is a locked room. Party officials approach on tip-toe, partly because there is no carpet on the landing, and partly out of respect for the wonder the room contains.

The Greens, long castigated as hostile to technology, have bought a computer, two terminals, with printers, screens and cases full of software, a bargain at DM 90,000 (£23,560). One of the terminals will be at the disposal of the publicity department and the other is intended to help bring order to the financing of a party which the West German state has blessed with no less than DM 30m in the past 18 months.

EVIDENCE THAT the Greens have established themselves in West German political life has been accepted by the other four parties, and has in some cases created substantial concern.

At town hall elections next weekend in the largest federal state of North Rhine-Westphalia, the Greens expect to gain at least 6 per cent of the vote and to hold the balance of power in town councils such as Cologne or Dusseldorf. It is a racing certainty that they

will poll only marginally worse in state elections due next May and a Social Democrat (SPD) Government will probably depend on Green support.

A study done for the ruling Christian Democrats (CDU) shows that half of the 1984 Green voters had voted Green before, a sign of party loyalty. Recognising that the Greens have "stabilised", the CDU last week launched a furious campaign, describing the newcomers as Marxist and anti-democratic. The

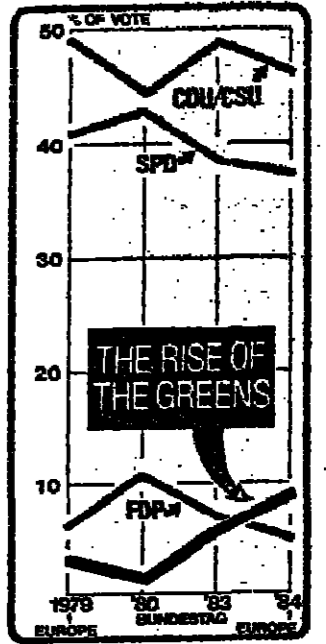
CDU is unlikely to gain votes from the Greens but wants to embarrass the SPD by painting appalling pictures of the danger of SPD-Green alliances.

The SPD has also been doing its sums and come up with the alarming finding that while a third of its voters approve of a Green alliance, a full half do not like the Greens at all and 43 per cent think the CDU is the "second-best" party.

The SPD is thus in a

dilemma: if it shifts to mop up Green voters it will lose working-class votes from the middle but if it enters "grand coalitions with the CDU it will lose its Left wing votes.

The Free Democrats (FDP) formerly Government coalition partners with the SPD, who have slipped behind the Greens in the federal stakes, are so alarmed that politicians in North Rhine-Westphalia have started suggesting that the Greens' ideas have a fascist tinge.



Herr Hermann Schulz, a philosopher and publisher and treasurer of the Greens since 1981, ought to be overjoyed. The federal party has no debts to speak of and he has persuaded it to put aside DM 6m in orphans-and-widows investments to tide it over till the Bundestag elections in 1987.

In contrast, the four "established" political parties have been chronically short of funds since the 1950s.

But Herr Schulz is not happy at all. The DM 30m was paid out by the state to cover "campaign costs" on the basis of votes gained in the 1983 Bundestag election and the European election last June. It is mostly pure profit, "a hell of a lot of

money with which all manner of nonsense can be done," he says.

For the entire West German "alternative" scene, from self-help organisations, communes, collectives, and cultural centres to kindergartens and newspapers, which has existed precariously since the student revolt in the late 1960s is homing in on the Greens' windfall.

Already the party in Hesse has bullied the Social Democrat Government of the state—which depends on the Greens for support to set aside DM 7m in the 1984 state budget for collectives and other refuges from the social market economy. Herr Schulz has it worse. "I get laundry baskets of requests for cash every day.

How do I know who these people are?"

Just as bad, he fears that the party's 30,000 members may be getting used to this "financial benediction" from the taxpayer and losing some of the vigour of the pioneering days from 1979 to 1983.

The miracle machine in the party HQ is one more piece of evidence that the Greens, a peculiar alliance of the post-1968 New Left and the post-1973 ecology movement, have established themselves in German political life.

By next June they are likely to be represented in eight or nine of the 11 state assemblies and be well-placed to slip into the next Bundestag.

This will mean yet more

money for the unfortunate Herr Schulz, who is at present livid with a group of Hamburg comrades who bespoke DM 300,000 from his buffer fund for purposes of "international solidarity" even before the party congress agreed that such payments should be made.

"Really, no way to behave with money," he says. He favours a cautious investment policy—"7-8 per cent return"—but even here there were problems when pacifist party members complained that the Green's house bank, the *Bank fuer Gemeinwirtschaft*, was involved in financing warship construction.

The most ambitious alternative project, the Berlin national daily newspaper the

Tagesspiegel (tag) applied to the Greens for a six-figure sum and then had cold feet about its editorial freedom. It is now seeking to prop up its rickety finances by offering revolutionary businessmen a handy tax-loss with this hopeful piece of advertising copy: "Tonio M. belongs outwardly to the establishment, but deep inside he feels himself an enemy of the state... As soon as he finds out he can cheat the state of taxes and support a sympathetic project he hesitates no longer... with an investment of DM 5,000..."

Another Green dilemma springs from the question of whether or not to start a party foundation. Herr Otto Schily, who was defence counsel for

Gudrun Ensslin, the Baader Meinhof terrorist, and is now a Green MP, is seeking an injunction from the Constitutional Court against state subsidies for the established party foundations on the grounds that they are being used for "indirect party financing."

The Greens could reasonably expect more than DM 50m from the state if they started a foundation. For some people fear that the Greens are being smothered with money at a time when their first parliamentary deputies are showing alarming signs of enjoying parliamentary democracy and being quite good at it.

After the computer, the argument goes, come the Mercedes and the private aircraft;

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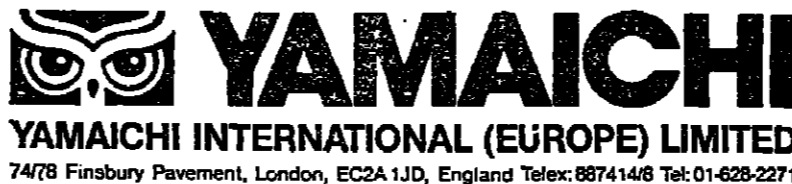
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Coalition calls for global ban on chemical arms

BONN—The West German centre-right coalition yesterday presented a resolution to Parliament calling for a global, verifiable ban on chemical weapons, Reuter reports.

"Neither West nor East needs a chemical deterrent in addition to the nuclear deterrent. Therefore, no effort must be spared to abolish chemical weapons worldwide," said.

At a news conference in West Germany at the weekend, Nato's supreme commander, General Bernard Rogers, called for new chemical weapons to match Warsaw Pact equipment and as a bargaining point in negotiations with the Soviet bloc.

Leslie Collit writes from Berlin: The possibility of a European zone free of chemical weapons was discussed during the two days of talks in Bonn between the West German Social Democrat Party (SPD) and Herr Harmann Axen, East Germany's politburo Secretary

for International Affairs. He was the highest ranking East German official to visit West Germany since the cancellation of President Erich Honecker's trip earlier this month.

The discussions on chemical weapons were criticised by the ruling Christian Democrats as undermining the West's goal of achieving agreement on a worldwide ban.

Herr Hans-Jochen Vogel, the SPD's parliamentary leader, also had talks in East Berlin over the weekend with Herr Herbert Haebler, the politburo member responsible for relations with West Germany. They discussed arms limitation measures, according to the East German news agency, and the need to "further develop" East-West relations.

East German moves to foster contacts with the SPD come with the full blessing of the Soviet leadership.

Fate of Swiss nuclear project still in doubt

By John Wicks in Zurich

CONTROVERSY continues to surround the building of the Kaiseraugst nuclear power station in Switzerland, in spite of the defeat in a referendum last weekend of two anti-nuclear proposals.

Dr Leon Schlumpf, the Federal President and Energy Minister, said the outcome of the vote is not a "green light" for the 925 MW station planned for Kaiseraugst, only a few miles from Basle.

Although well over half the voters rejected the two proposals, either of which would have made the building of the Kaiseraugst impossible, the referendum showed growing opposition to the project, in Basle-City and Rural Basle, as well as in almost all 200-German-speaking cantons. This regional imbalance is likely to make the Government very cautious in the expansion of nuclear energy in the country.

Leaders of both the Basle local governments have claimed that the vote in their areas is a clear rejection of Kaiseraugst. At the same time, the biggest vote against the two proposals was recorded in Canton Aargau, the site of three of Switzerland's existing nuclear power stations—and also of the village of Kaiseraugst itself.

The two other "nuclear" cantons of Solothurn and Bern also turned down the proposals.

The Kaiseraugst project still has to be approved in principle by a Lower House of Parliament committee, the chairman of which Dr Georg Stucky, has indicated that any expansion of nuclear power will have to be carried out "cautiously."

Lisbon coalition party asserts independence

By Our Lisbon Correspondent

LEADERS OF Portugal's Social Democrat Party, anxious not to be overshadowed by their Socialist coalition partners, have called for top level talks on revising the government alliance.

The Social Democrats moved to assert their independence at a meeting of their national council over the weekend during which they also made clear that they would field their own candidate in next year's presidential election and would not support the expected candidacy of Sr Mario Soares, the Socialist leader and Prime Minister.

The decisions are symptomatic of efforts by Sr Carlos Mata Pinho, the Social Democrat leader and Deputy Premier, to assert himself as a strong leader. He is under pressure from within his divided party not to let the Socialists dominate government initiatives.

In discussions on revising the coalition, the Social Democrats are expected to press their partners for fast and effective action on streamlining the heavily-indebted public sector, allowing more help for private enterprise and reforming strongly pro-worker labour legislation.

● Bombs exploded outside the homes of three landowners in the town of Monestepan-o-novo in the Alentejo land reform zone yesterday injuring three people and causing substantial damage. The Forças Populares, 25 de Abril, a left-wing urban guerrilla group, claimed responsibility for the blasts which it said were in retaliation for the take-over of land previously owned by rural workers.

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EUROPEAN NEWS

Craxi adds his weight to heavy lira idea

By James Burton in Rome

SIG BETTINO CRAXI, Italy's Prime Minister, is leaning to introduce next year "heavy lira" which would equal 1,000 of the present much devalued currency units.

In a weekend speech he put his own weight behind the call widely discussed in the Press in recent weeks—to knock three noughts off the unwieldy way in which monetary values are expressed in Italy.

The Prime Minister sees the introduction of the heavy lira as consolidating the recent sharp reduction in the inflation rate, which is poised to go below an annual rate of 10 per cent after about a decade in double digits.

Recent rapid inflation has further eroded the real value of a currency whose basic unit has been none too substantial since the Second World War. One million lire is worth only \$425; other countries' equivalent of a millionaire is a billionaire in Italy; and such vital items as the trade deficit or government spending is reckoned in units of one thousand billion lire.

Even so, the idea of introducing a heavy lira—which would make the currency unit one of the highest instead of one of the smallest in the world, equal to about \$1.9 or £2.3 on present values—is not universally favoured. Nor is there any official plan for making the change. The idea is simply "under consideration" according to the Prime Minister's Office.

It is reckoned that it would take about two years to make the change, taking into account the need for obtaining parliamentary approval, printing the notes, and explaining the change.

While no one doubts that a heavy lira would be much more handy, especially as the digits now tend to overflow the display on a pocket calculator, others question whether the moment is right for the change.

Inflation might easily go up again, and the change could drive it up as shopkeepers round up prices. The unhappy history of the Israeli shekel, introduced to replace the exhausted Israeli pound and continuously devalued ever since, is noted in Italy.

Other critics say attention would be directed from more worthy objectives, such as cutting the heavy government over-spending which is thought to be at the root of inflation.

There could even be resistance in poorer parts of the country where Lira is still regarded as an amount of money to respect—even if it is about the average worker's monthly pay.

Malta's seizure of church land unlawful

Legislation empowering Premier Dom Mintoff's Government to seize buildings and land owned by the island's Roman Catholic Church was declared unconstitutional by the Maltese courts yesterday, Godfrey Grima reports from Malta.

Mr Justice Stephen Borg Cardona ruled that the Devolution of Church Property Act, passed last year, violates the church's constitutional rights of conscience and worship, protection from discrimination and right of compensation. Legal notices forcing the church to register its properties with the state were also annulled.

Greek Cypriots blame Denktash for deadlock

BY ANDRIANA IERODIACONOY IN ATHENS

GREEK CYPRIOT officials yesterday accused Mr Rauf Denktash, the Turkish Cypriot leader, of creating a deadlock in the United Nations peace initiative for Cyprus.

Mr Denktash described the proposals submitted in the first round of negotiations which ended inconclusively in New York last Friday as "negotiating positions," implying that they are designed to kick off bargaining and may change.

Both sides have agreed to return for a second round on October 15. Ideally, these should lead to a meeting between Mr Denktash and President Spyros Kyprianou of Cyprus to endorse a draft agreement.

The Turkish Cypriots have reportedly proposed handing back about 3 per cent of territory, allowing the return of about 30,000 out of a total of 170,000 refugees. The Turkish Cypriots say that tactical difficulties must be taken into account in deciding to allow the right of free movement, settlement and property ownership.

On executive and legislative power, Mr Denktash is said to have proposed an alternating Greek Cypriot and Turkish Cypriot presidency, and a two-chamber House, with 50-50 representation in the Upper House and 70-30 in the Lower House for the 80 per cent Greek Cypriot majority and the 18 per cent Turkish Cypriot minority respectively.

All legislation must be approved by the Upper House.

The Turkish Cypriots have also reportedly demanded equal say in security decision-making by means of separate majorities in the House, as well as control of either the Defence or the Foreign Ministry.

According to the Greek Cypriots, the Turkish Cypriot proposals so far are as follows: Mr Denktash is said to have proposed that the pull-out begin once a federal Cyprus state has been established, without a specific deadline for complete withdrawal. Turkey must be a guarantor of a Cyprus settlement.

The Greek Cypriots want full troop withdrawal, immediately upon reaching a settlement.

On territory, Mr Denktash is said to have rejected a proposal by Sr Javier Perez de Cuellar, the UN Secretary General, that the proportion of Cyprus territory currently occupied by Turkish troops to be returned to Greek Cypriot administration should be determined according to the number of Greek Cypriot refugees allowed to return to their homes.

Margaret van Hattem adds: Mrs Margaret Thatcher, Britain's Prime Minister, yesterday assured President Kyprianou of her support for Sr Perez de Cuellar's initiative. She also reaffirmed Britain's support for the goal of a unitary Cypriot state.

Triumph over the extradition—the first France has granted since Eta began its arms campaign 25 years ago—was however tempered by concern about the reaction in the Basque region.

In San Sebastian and other centres of radical Basque nationalism, protesters blocked streets, broke bank windows and set fire to buses on Sunday night. Security forces were placed on alert, while the Paris authorities were asking for extra precautions to safeguard French interests in Spain.

The extradition decision was not widely expected, most Spanish newspapers having predicted that Paris would not go further than its previous gesture of arranging deportations to "third" countries. This was the formula chosen for the other four of the seven accused Eta members who have been on hunger strike in Fresnes Prison—the host country this time being Togo.

Major Spanish parties from the Communists to the conservative Popular Alliance opposition all welcomed the move, but Basque parties, with equal unanimity, criticised it as a potential source of fresh tension. Eta's political front, Herri Batasuna, said it was "an historic blunder."

The Socialist Government sees the decision as a crucial psychological and operational setback for Eta, which has always relied on being able to use France as a place to escape to, rest up, launder extortion money or procure arms.

Sr Gonzalez's campaign to remove this sanctuary is considered in Madrid to have been eased by the recent replacement of M Gaston Deferre by

France's extradition of Basque militants welcomed in Madrid

BY DAVID WHITE IN MADRID

THE FRENCH Government's controversial change of policy in ordering the extradition to Spain of three Basque extremists wanted for terrorist killings was greeted in Madrid yesterday as a diplomatic breakthrough for the administration of Sr Felipe Gonzalez.

Triumph over the extradition—the first France has granted since Eta began its arms campaign 25 years ago—was however tempered by concern about the reaction in the Basque region.

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President Konstantin Chernenko has been awarded his fourth Order of Lenin and his second "Hammer and Sickle" medal, to mark his 73rd birthday yesterday and to underscore his political authority.

In publicising the awards, however, the Soviet media pointedly did not mention his age or the occasion of his birthday. In his three public appearances this month, following a six-week summer absence from the public eye, Mr Chernenko has seemed frail.

Never a smooth public speaker, he recorded a three-minute television address last Friday on Finnish-Soviet relations which appeared to have been cut in nine places, indicating difficulty in getting a presentable recording of the Soviet leader.

Soviet leaders accumulate a large number of state honours, with the exception of the late Mr Andropov, who self-consciously eschewed them. Such awards generally come on landmark birthdays. Mr Chernenko got his three previous Orders of Lenin on his 60th, 65th and 70th birthdays.

Parliamentarians from the UDP who publicly acclaimed as demonstrating the opposition's strength in the country, Giscard's victory has caused misgivings within the opposition as being a source of further friction in the battle for the leadership.

The former President's first task in the Assembly will be to try and win back the bulk of centrist UDF deputies who have switched their allegiance to M Barre.

Parliamentarians from the UDP will be addressed by M Barre tomorrow when they gather in Cannes for their annual rally before the opening of the winter session of the National Assembly.

Giscard has said that he will not attend the meeting—although his victory might prompt a change of mind.

Popular disenchantment with the left was shown in the high abstention rate in Sunday's poll. The 45 per cent of the constituency which did not vote was concentrated in the normally pro-Socialist and pro-Communist wards.

Nato 'facing a painful debate with Denmark'

COPENHAGEN - A U.S. expert on East-West relations was quoted yesterday as saying that Denmark had become so weak a link in Nato's defence system that the alliance would be better off if the Danes became neutral.

Mr Edward Luttwak, a member of the Georgetown University Centre for Strategic Studies, told a Danish newsletter that Nato was facing a "painful restructuring" and "painful debate," with Denmark and Greece coming in for particular scrutiny.

"The Danes should know that Denmark will be thrown out of Nato if it continues to refuse to pay the bill," he was quoted as telling Politikk Ugebladet, a weekly newsletter.

"Today Denmark is the weakest link in the Atlantic alliance. A neutral Denmark outside Nato is better than a weak Denmark in Nato."

He was described as an adviser to the U.S. Departments of Defence and State and the key U.S. National Security Council. A spokesman at the U.S. embassy in Copenhagen said Mr Luttwak was not on the payroll of the National Security Council and that his comments did not necessarily represent official U.S. views.

AP

Giscard returns to National Assembly with large majority

BY DAVID HOUSEGO IN PARIS

FORMER FRENCH President Valéry Giscard d'Estaing scored a personal triumph at the weekend by winning back his seat in the National Assembly by a large majority.

Electors in the Puy de Dome constituency gave him 63.24 per cent of the votes cast in Sunday's by-election. It is the highest support he has obtained in the constituency which he represented for 15 years before resigning to become President in 1974.

The two-thirds majority also coincides with the title of the book "Two Frenchmen out of Three" which he brought out earlier this year and which reflects the support he hopes to obtain for his project of a new liberal society.

His return to the National Assembly gives M Giscard d'Estaing a platform from which to launch his candidacy for the Presidency in 1988. At the moment he trails both M Raymond Barre, his former Prime Minister, and M Jacques Chirac, the Mayor of Paris, in the opinion polls.

Danish party leader calls for defence consensus

BY HILARY BARNES IN COPENHAGEN

THE NEWLY-ELECTED leader of Denmark's Liberal Party, Foreign Minister Uffe Ellemann-Jensen, called for the restoration of a consensus on foreign and defence policy. He was elected chairman of Liberals at the weekend, succeeding Mr Henning Christophersen, who is Denmark's commissioner-designate to the EEC.

"We are approaching a crossroads, which touches on Denmark's Nato membership itself. Let us all think carefully about this," he said.

The remark was addressed to the opposition Social Democratic Party, which at its congress last week voted to keep Denmark free of nuclear weapons even in times of conflict.

The Social Democrats command a majority in the Folketing on defence and foreign policy issues against the minority non-socialist coalition Government.

If the nuclear-free call were to become official Danish policy, it could imply withdrawal of Denmark from Nato's integrated defence system.

But it is expected that the Social Democrats will forward a resolution in the Folketing this winter sufficiently vaguely worded to avoid a direct clash with either the Government or Nato.

● The Danish trade deficit deteriorated again in August, according to provisional figures published by the Bureau of Statistics, which said the deficit increased to Kr 400m (£28.7m) from Kr 273m in August last year. This brings the deficit for the year so far to Kr 5.7bn from Kr 2.1bn in 1983.

● The West German Embassy was smeared with paint and windows were broken early yesterday by demonstrators against a two-day visit to Denmark by West German Chancellor Helmut Kohl.

New medal for Chernenko to mark authority

BY DAVID BUCHAN

PRESIDENT Konstantin Chernenko has been awarded his fourth Order of Lenin and his second "Hammer and Sickle" medal, to mark his 73rd birthday yesterday and to underscore his political authority.

In publicising the awards, however, the Soviet media pointedly did not mention his age or the occasion of his birthday. In his three public appearances this month, following a six-week summer absence from the public eye, Mr Chernenko has seemed frail.

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AMERICAN NEWS

Canada-U.S. meeting indicates stronger ties

By Bernard Simon in Toronto

CANADA'S new prime minister, Mr Brian Mulroney, will meet President Ronald Reagan in Washington today, signalling a likely marked improvement in U.S.-Canada relations.

The meeting, to be held just a week after Canada's Progressive Conservative Government took office, is expected to cover a broad range of political, military and trade issues, and reflects Mr Mulroney's pledge during the recent election campaign to rebuild Canada's relations with the U.S.

Ties between the two countries have been strained in recent years by the former Liberal government's nationalistic policies towards foreign investors, especially U.S. oil companies, and by its lukewarm attitude to U.S. defence policies.

Mr Pierre Trudeau's much-publicised world peace initiatives were also an irritant. The U.S. accounts for more than 70 per cent of Canada's foreign trade and the bulk of foreign investment in Canada.

Mr Mulroney proposed during the election campaign that a permanent secretariat be set up by each country to examine the impact of new trade and environment policies on the other before changes are made.

He also pledged to increase defence spending as part of an effort to emphasise Canada's commitment to Nato. The new Government is likely to be less critical than its liberal predecessors on U.S. policies in Latin America. Mr Mulroney has said that Canada should give its allies, and the U.S. in particular, "the benefit of the doubt."

Meanwhile, the Government has announced that Parliament will reconvene in Ottawa on November 5. The new Government will outline its economic strategy in a mini-budget.

The Conservatives have already begun to put their stamp on the Government. The name of a Liberal nominee as Canada's executive director at the World Bank has been withdrawn. Mr Maurice Strong, the first director of the United Environment Programme, has submitted his resignation as chairman of the Canadian Development Investment Corporation, which controls the troubled aircraft manufacturers De Havilland and Canadair.

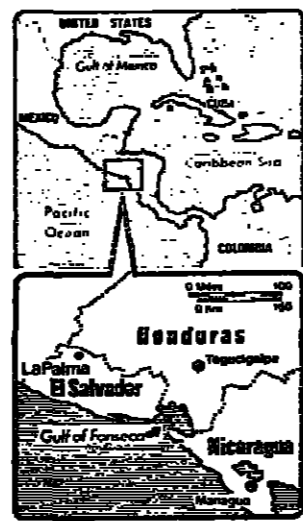
Business as usual in a guerrilla stronghold

BY DAVID GARDNER IN SAN SALVADOR

THERE ARE cornflakes and Lea and Perrin's sauce in the local shops, petrol in the pumps, and the largest of the 43 handicraft co-operatives in the town of La Palma, high up in the hills overlooking Honduras exports its products to West Germany.

La Palma is held by the Popular Liberation Forces (FPL), one of El Salvador's two largest guerrilla groups, but there was no sign of any army presence last week beyond the Lempa River, which bisects the country. An FPL patrol some six miles past the river, explained that the enemy had not presented itself for battle.

The guerrillas in La Palma keep a low profile. They have held this town of 12,000 people for more than a year, but it is run by a Christian Democrat mayor from President José Napoleón Duarte's party. The FPL provides a rudimentary policing and disputes procedure.



The local National Guard post stands empty, its walls pocked with bullet marks. The guerrillas have interfered little with the town's life.

A neighbouring technical college still functions, the church and two evangelical chapels get a regular attendance, and the artisans' co-operatives provide employment for most of the inhabitants.

Perhaps the main disruption has been the increase in the flow of heavy goods traffic from Honduras which is gradually destroying the area's roads. This increase has been caused by arson attacks on trucks using El Salvador's other roads carried out by the FDL's rival, the Popular Revolutionary Army (ERP).

Sr Israel Ochoa, who heads the Semilla de Dios (Seed of God) Co-op, has few complaints. The guerrilla presence has meant a drop in sales to tourists to the area, but the slack has been taken up by a greater export effort, particularly to Costa Rica, Honduras and West Germany.

With a five-year tax holiday from the Government, and no attempt by the guerrillas to levy taxes in its place, Sr Ochoa's workshop is providing a living for 48 people. It has just despatched a shipment to the capital, and the prospects for Christmas look good.

His chief concerns are the sporadic power cuts caused by the guerrillas blowing up electricity pylons supplying the area. But the town has been little affected recently, reinforcing the impression of normality in the area, an odd sense of a war in abeyance as the dry season approaches bringing the likelihood of renewed fighting.

Julio, the leader of the ten-man FDL unit outside La Palma, refuses to be drawn on whether the insurgents are planning a major autumn offensive as the U.S. and the Duarte Government have claimed. "We are preparing," he smiled.

Hugh O'Shaughnessy reports on a breakthrough in Central America

Faint dawn of Contadora peace

EEC and Central American officials, who have laboured for some time over the arrangements for this week's Foreign Ministers' meeting in San José, Costa Rica cannot have but been cheered by the weekend's news from Nicaragua and El Salvador.

Both countries have agreed to support a major new peace initiative for the region and the controversial Nicaraguan election in November looks likely to be a much more open and genuine contest than some had feared. A further boost has since been provided by the acceptance of the peace plan by Honduras and Costa Rica.

The ministers are to meet in San José on Friday and Saturday, with the 10 Community Ministers joined by their counterparts from Spain and Portugal. The Latin American representatives will come from Guatemala, Honduras, El Salvador and Nicaragua and from the four countries of the Contadora Group (Mexico, Panama, Colombia and Venezuela). Their host will be the smiling, rotund figure of Sr Luis Alberto Monge, the social democratic president of Costa Rica.

Until last week it seemed that the gathering might have been teetering on the edge of failure. The idea to hold it, which the West Germans

named the "Genschler initiative" after their Foreign Minister but which the Costa Ricans were keen to attribute to the efforts of their President, was supposed to demonstrate European concern for an involvement in the Central American crisis.

The European Community, bound by ties of history and treaties on trade and preferences to former colonies in Africa, the Caribbean and the Pacific, has for long had a bad conscience about the developing countries of Latin America. The San José meeting was in part designed to show that Europe had not turned its back on the area.

The 21 were due to pass resounding motions of support for the efforts of the Contadora Group to achieve peace and stability in a region in which hundreds of thousands have been killed and millions made homeless in civil wars and cross-border fighting.

They were to announce the establishment of a permanent office in Central America and underline the commitment to closer political links exemplified by the recent grant of Ecu 550,000 (£328,000) to the newly organised Institute for European-Latin American Relations.

In some disappointment, with Cuba, which hopes for large new dollops of Community aid unfulfilled and European disillusion at the difficulties of dealing with rancorous, often mutually hostile, Central Americans, EEC aid to Central America is currently £23.5m.

These dangers still exist, but the atmosphere has been sweetened by the weekend's announcements. After months of hickering and manoeuvring, the two most embattled Central American states have come to accepting plans for peace and disengagement laboriously worked out by the Contadora Group.

Nicaragua announced it was ready to sign the group's protocols immediately, and a few hours later, President José Napoleón Duarte of El Salvador agreed to do the same. The Contadora plans include a call for the removal of foreign troops from the isthmus, a key element in any relaxation of tension.

The removal of U.S. troops from El Salvador and Honduras would go far to ending the activities of the "Contras," the anti-government guerrillas who are fighting the Nicaraguan Government. The departure of Cuban and Eastern European soldiers from Nicaragua would help to calm the U.S. State Department and the Pentagon.

A further development could be another contraction in the aid the Nicaraguans offer to the Salvadoran FMLN guerrillas, who are seeking to topple the Government of President Duarte.

The decision by the ruling Left-wing Sandinista Junta in Nicaragua to extend the deadline for the registration of parties to contest the general elections on November 2 is another conciliatory straw in the wind. The decision will blunt some criticism from the U.S. of the way the elections were to be conducted, and calm growing European fears that a Leninist view of politics was gaining too much currency in Managua.

The immediate Washington reaction to the Nicaraguan decision was sceptical and hostile, but later, Mr George Shultz, the U.S. Secretary of State, welcomed the news.

As a result, and not without a good deal of arm twisting by the bigger European powers, it seems that the meeting in San José could coincide with the beginning of a Central American settlement. Mr Peter Barry, the Irish president of the European Foreign Ministers, Henry Genschler and Sr Fernando Moran, the Spanish Foreign Minister will be profoundly relieved.



Curtain up on the show that's already over

By Max Wilkinson in Washington

THE IMF conference is, by common consent, actually over before it begins. One might not have thought so at the formal opening yesterday where packed crowds discreetly pushed and shoved their way towards the overloaded elevators.

But the fact is, the real business, such as it was, took place in other parts of town last week.

Even in the smaller meetings of the policy making interim committee the Group of Ten industrial countries and the Third World's Group of 24 many of the speeches are long and in the words of one seasoned official "unrefreshingly wide-ranging."

So the men (no women) who really call the shots retreat even further into the group of five, which as one European central banker helpfully explained "actually does not exist."

What did exist was a series of dinner parties and meetings for central bankers and finance ministers of the major countries with hundreds of attendant staff in ever portable filing systems in hotel bedrooms.

Inevitably one of the most sharply debated questions was partly procedural. This revolved on the exact place and time of a new conference for rich and poor nations to discuss debt problems and of the vital question of who should claim credit for it.

For a moment, observers believed this could be a major score for Britain, when Chancellor Lawson ticked off the idea into a G10 meeting with a full team of Commonwealth ministers behind him.

But the U.S. treasury team picked up the ball as soon as it was in play with practised ability, called a Press conference in another part of town and smoothly announced the Regan initiative on world debt.

In the sidelines there was one sobering sight at the endless round of parties. The several hundred guests who turned up for the annual beans thrown by Continental Illinois, the bank which stays afloat only because of the generosity of its friends and the help of the Fed, the first sight that met their eyes was a long table groaning with cheese rolls.

Mr Tom Clausen, president of the World Bank, might have made something of that. At a Press conference given in advance of his formal address yesterday the first question was: "Are you going to resign?"

He replied that when a man went to dinner, he didn't walk out half way through and said: "I am going to stay for my just dessert."

Sources close to the IMF suggest the quip may not have been entirely spontaneous since it is normal practice for replies to be drafted to all expected questions.

Call for halt to protectionism
WASHINGTON - A joint committee of the International Monetary Fund and the World Bank has called for measures to stop the spread of trade protectionism.

A communiqué issued after Sunday's meetings of the development committee said the two groups "encouraged the immediate adoption of measures to combat protectionism."

The committee includes Third World countries and the wealthy industrial nations and has become a forum in which the two sides can discuss their differences.

World Bank leader presses U.S. for more active support

BY STEWART FLEMING IN WASHINGTON

A PLEA for a wide-ranging role for the World Bank in providing funds to the developing world and disappointment at the failure of the U.S. to provide more vigorous support for the bank has been expressed by the bank's president Mr A.W. Clausen.

In his address to the annual meeting of the World Bank and the IMF yesterday - the first in which he has spoken in detail about the future role of the bank - Mr Clausen made it clear he believed the bank must continue to provide funds to both the heavily indebted developing countries and to the poor but financially more stable nations of China and India.

His remarks follow a decision by the bank fund development committee late on Sunday to further underwrite the bank's continuing role in providing finance to the poorest developing countries.

The committee strongly endorsed the recommendations in the bank's report on sub-Saharan Africa and called on the bank to open discussions with donor countries about the prospects of raising additional finance for the region which might be earmarked for a special sub-Saharan Africa fund.

The question of the future role of the World Bank and of Mr Clausen's future as president of the development institution are being hotly debated at this year's annual meeting. Delegates are wondering what the bank's future will be and whether Mr Clausen will continue to be the man charged with shaping the debate about the bank's role.

At a press conference to discuss his address to the annual meeting yesterday Mr Clausen said: "If the question is an I going to leave before the end of my term (in 1988), the answer is that one is clearly and loudly 'no'."

He also said, however, that he was "keenly disappointed with the fact that the economic problems and the budget problems of the U.S. prevented that great nation from being as supportive as we would have liked."

Although there had been issues on which the bank and the U.S. have disagreed, "I would say that for 95 per cent of what we are doing we are fully in accord."

In his address, however, Mr Clausen made it clear that in spite of U.S. reservations, the bank believed the flow of concessional interest free loans to both India and China needed to be maintained to keep up the current economic momentum without risking a sharp increase in debt servicing ratios.

MEXICO HOPES to raise slightly less than \$1bn from its commercial bank creditors next year in its first return to free market borrowing since 1982, said Sr Angel Gurria, Director General of Public Credit.

In 1986 the country's borrowing need would rise to about \$2bn but even this was "a relatively small amount" which should be available from the marketplace provided Mexico continued to demonstrate progress in economic adjustment, he told journalists at the International Monetary Fund annual meeting.

Mexico realised disciplined economic policy was "critical and fundamental" to a successful return to the marketplace, he said.

He added, however, that Mexico would not rush its return to the market and would not need to worry if conditions were not right to resume borrowing next year at all.

The country's recent \$4.7bn debt rescheduling agreement had paved the way for a new borrowing strategy by Mexico through its provision for banks to lend in their own domestic currencies. This could lead to a fragmented borrowing market in which Mexico would be able to split its new borrowing needs among several currencies and instruments, he said.

The currency risk to Mexico in the new agreement was less than many people supposed because a maximum of \$120m in loans, or 18 per cent of Mexico's public sector debt, was eligible for switching from dollars to other currencies and the whole process would take place over four years.

Sr Gurria said some banks had already indicated they would not take advantage of the switching possibility, but if all did so, Mexico would increase its yen borrowings by about \$4m equivalent. Loans in Canadian dollars would rise by U.S.\$2bn and those in D-Marks by \$1.5bn.

Mexico would take steps to protect itself from increased debt service charges resulting from an appreciation of these currencies against the dollar by hedging its position in the foreign exchange markets.

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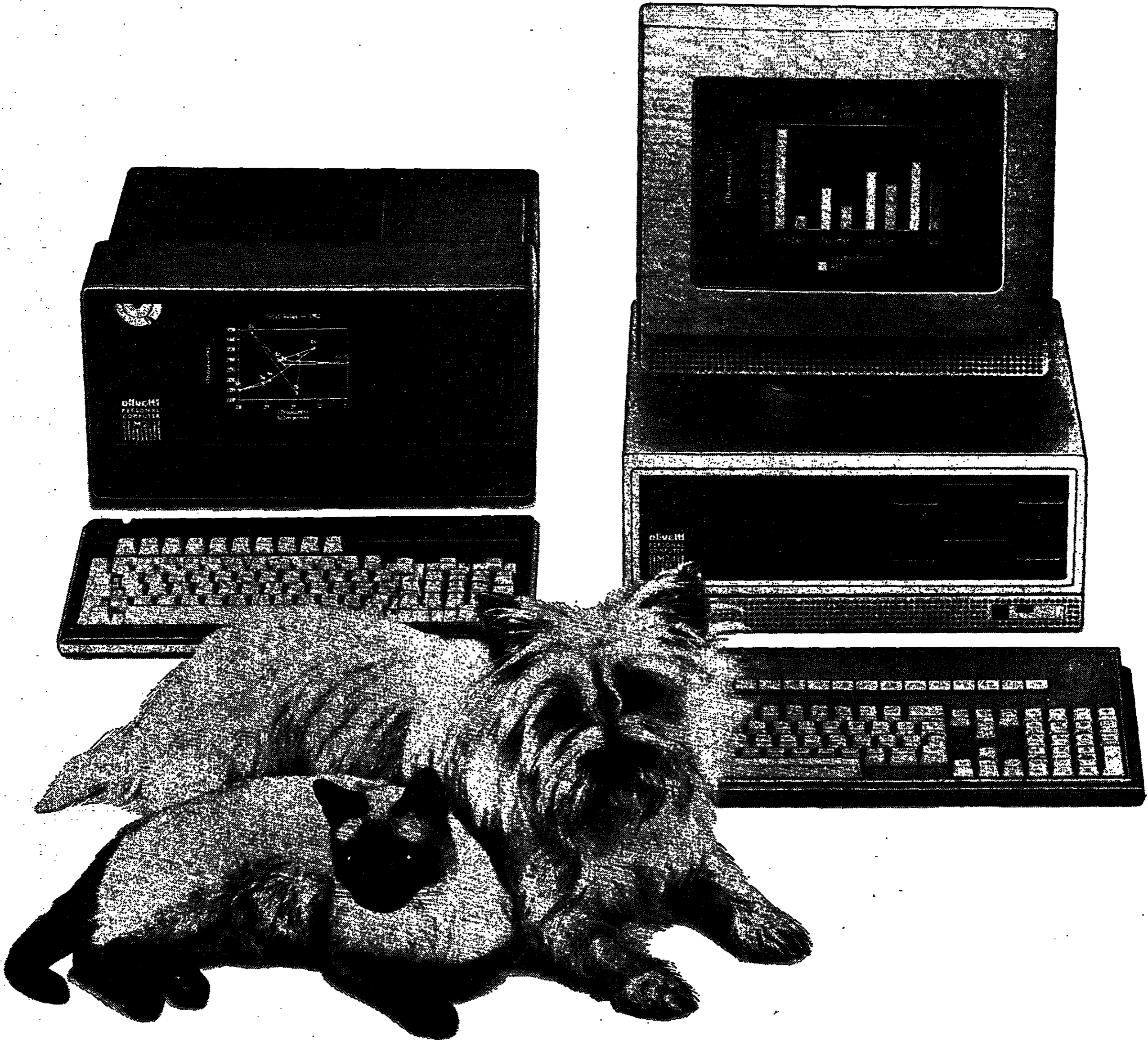
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OVERSEAS NEWS

U.S. intensifies pressure for Israeli pull-out

BY NORA SOSTANY AND TONY WALKER IN BEIRUT

DIPLOMATIC activity in the wake of last week's bombing of the U.S. Embassy in Beirut appears to have pushed forward efforts to secure a withdrawal of Israeli forces from southern Lebanon, where their presence is a major stumbling block to Lebanese internal reconciliation.

The surprise visits of Mr Richard Murphy, U.S. Assistant Secretary of State for Middle Eastern Affairs, to Damascus over the weekend and to Jerusalem last night are almost certainly connected with attempts to end the Israeli occupation.

Mr Murphy held two hours of discussions with Syria's President Hafez al-Assad before arriving unannounced in the Israeli capital, where last night it was expected that he would see Mr Shimon Peres, the Prime Minister.

Syrian officials were quoted as saying that Mr Murphy's talks centred on the withdrawal issue. Renewal of U.S. shuttle diplomacy in the Middle East followed a statement on Sunday by Mr Yitzhak Shamir, Israel's Foreign Minister, that Jerusalem is prepared to drop its demand for the simultaneous withdrawal of Syrian and Israeli troops from Lebanon.

Previously, Israel has insisted that the removal of its troops from South Lebanon be accompanied by a similar withdrawal of Syrian forces from Central and Northern Lebanon.

Diplomats here say that Mr Shamir's statement, in an interview with the New York Times and quoted by Israel Radio, removes a major obstacle in the way of settlement of the South Lebanon problem.

Another significant development in the past several days is Mr Shamir's statement that Israel is exploring the possibility of the U.S. playing the role of "intermediary" between Jerusalem and Damascus in the South Lebanon issue.

Mr Murphy may well have been performing that role in the past several days. Diplomats in Beirut say Mr Murphy's sudden visit to Damascus—he had flown to Lebanon to supervise investigations into Thursday's bombing—indicates that the U.S. is



anxious to push forward moves for an Israeli withdrawal from South Lebanon and recognises Syria's pivotal role.

Diplomats here note that Mr Murphy, a former U.S. Ambassador to Damascus, spoke recently before a Congressional committee about the positive contribution Syria could make to peace and stability in the region.

Security arrangements for southern Lebanon will almost certainly involve an expanded UN Truce (UN Truce) Force in Lebanon.

During a tour of the region last week, Mr Brian Urquhart, Assistant Secretary-General of the UN, said Israel regarded UN Truce as a "very useful element" in any arrangements that would guarantee the safety of its northern borders.

This marks an important change in Israel's previously negative attitude to the international peace-keeping force.

Three U.S. warships with combat marines on board cruised outside Lebanon's territorial waters yesterday, reports Reuter from Beirut. The ships were 30 miles off the coast and would offer support services to the U.S. officials investigating the embassy blast, a spokesman said.

"This ships are not here to land troops or anything like that. They will offer us help if we need it. For example, one of our wounded was evacuated to one of the ships," the spokesman said.

Editorial comment, Page 16

Philippines to suspend exporters' windfall tax

By Emilia Tagaza in Manila

PRESIDENT Ferdinand Marcos, in a move that takes the Philippines closer to rejoining the International Monetary Fund, has ordered the suspension of the "windfall tax" on foreign exchange earnings of local exporters.

The move is in line with recommendations of the International Monetary Fund, which is about to approve an SDR 615m (£70m) standby credit, that the Philippines adopt a single and floating exchange rate.

At the moment the peso is in a controlled float and follows a multiple exchange rate system. Government officials have said the exchange rate is the last major hitch to the IMF credits which have been under discussion for 11 months now. Both the Government and bankers now expect the facility to be approved in October.

The export windfall tax and the excise tax on foreign exchange purchases of non-importers have given rise to the multiple exchange rate.

With the windfall tax, exporters did not get the full 18 pesos to one dollar official rate for every dollar they brought into the country. The tax was imposed last June in view of the windfall gains exporters made from the peso devaluation.

With the taxes in effect, there were four operating rates for peso dollar transactions: Pesos 16.20 for exporters, Pesos 18 at official rate, Pesos 19.80 with the excise tax, and Pesos 20 in the black market.

India presses for industrial co-operation

By D. P. Kumar in New Delhi

INDIA yesterday asked the technologically-advanced members of the Commonwealth in the Asian and Pacific region to volunteer to transfer technology to the less developed countries.

This should be in the spirit of co-operation among the members of the region, as distinct from purely commercial dealings, Dr R. S. Sidhu, India's secretary for Industrial Development, said.

Inaugurating the five-day fifth meeting of the Commonwealth Heads of Government working group on industry in New Delhi, Dr Sidhu assured India's full co-operation in achieving the objectives of the working group.

Mr Wep Kanwai, chairman of the working group and Papua New Guinea's minister for Industrial Development, also presided, said the meeting would examine the need for co-ordinating industrialisation programmes within the region, to improve efficiency in utilising available resources.

Lange will seek to keep NZ within Anzus

By Dal Hayward in Wellington

NEW ZEALAND'S desire to remain a full partner in the Anzus defence pact with the U.S. and Australia, despite its ban on nuclear warships entering New Zealand ports, will be argued by Mr David Lange, the country's Prime Minister, in a meeting with Mr George Shultz, U.S. Secretary of State, in New York today.

It will be the first full meeting at which the effects of New Zealand's nuclear ban and the repercussions to the Anzus Treaty can be debated, along with possible U.S. trade repercussions, since New Zealand's Labour Government came to power in July.

Warnings have come from two U.S. congressmen that unless New Zealand modifies its stand, a new defence treaty between the U.S. and Australia, which would exclude New Zealand, may be negotiated.

Hong Kong pact can be added to, say Chinese

BY DAVID DODWELL IN HONG KONG

THE JOINT Sino-British declaration on Hong Kong's future, due to be initiated in Peking tomorrow, cannot be altered—but it could be added to, Chinese officials revealed in Hong Kong yesterday.

The statement, 10,000 words long, is a significant reminder that a number of issues remain unresolved on Hong Kong's future, and will not be part of the declaration.

The colony, which has been under British control for over 140 years, will be handed back to China in 1997 when leases expire on nine-tenths of the territory.

Officials from the Hong Kong branch of the New China News Agency which acts as China's de facto embassy in Hong Kong said at a briefing intended to prepare correspondents for the announcement of the joint declaration, that there would be a new round of talks if anything was to be added to the declaration.

But if both governments agreed then this could be done, they added. Nevertheless, this was "a hypothetical question."

Government officials in Hong Kong confirmed yesterday that there would be matters falling outside the joint declaration which would be taken up by the Joint Sino-British Liaison Group once the declaration is signed.

If this group could not reach agreement on particular issues, then these would be referred to Peking and London, with special working groups likely to be set up to resolve differences. Whenever settlements are reached, they will be added to the joint declaration.

Officials emphasised that this mechanism would not apply to the three issues which blocked agreement in the final stages of negotiation over the joint declaration—land rights, aircraft landing rights, and the rights of British nationals in Hong Kong.

Soviet-built waterway in Turkmenistan is transforming barren lands

Massive canal near completion

ASHKHBAD, Soviet Turkmenistan - Along the edge of the Karakum Desert, below the ridge of the Turan plateau, one of the Soviet Union's greatest construction projects is nearing completion: the world's longest canal.

The canal, which already stretches 1,100 km across the Karakum - the name means "black sands" in Turkmenian - brings water from the Amu Darya river to 1m hectares of once barren land now rich in fruit and cotton.

The project was first thought of nearly a century ago, under the Czar, said Mr Georgy Okropelitsa, chief construction engineer at the Turkmenian Soviet Republic Water Ministry. "We hope to finish it within the next five-year plan."

The final stage of the canal is due to curve south following the border with Iran formed by the Kopet Dag mountains, to Turkmenia's dry subtropical zone, an area of scorching heat South-west of the Caspian Sea - to turn it into a cotton area.

Before the canal was started in 1954, Turkmenistan's cotton crop was 400,000 tonnes a year. That figure has since tripled.

Of equal importance in Turkmenistan's development has been the change wrought by the canal in the population's lifestyle. Regular agriculture and piped drinking water have contributed to ending a nomadic lifestyle forced by climatic conditions.

Much of the rural population in the now-fertile strip along the border lives on state or collective farms today, with natural gas and electricity.

Mr Yagmur Poshadov, head of a farm next to the border with 6,000 people on it, recalls the days after the farm's foundation in 1967, in the wake of the canal, when they still lived in tents.

Now he is hoping for a harvest of 15,000 tonnes of cotton from his 5,300 hectares, while the farm also sells to the state surplus production of alfalfa, a little maize and grain, and fruit and vegetables from workers' private plots.

They also keep sheep and cattle which graze on the rough vegetation growing where once there was only desert.

On completion of the remaining 300 km, planned for 1990, the canal will provide water to an area where the only supply at present comes from tiny rivers which dry up by late May as the temperature touches 50°C (122°F).

At present the oil-mining cities of Nohit Dag, in the desert, and Krasnovodsk, on the salt-water Caspian, are fed with drinking water by pipelines from the canal.

The drain on the Amu Darya, which with the more northerly Syr Darya forms the basis of Central Asia's river system, is enormous.

In summer, the canal feeding Turkmenistan and the drain to neighbouring Uzbekistan, the Soviet Union's biggest cotton-producing area, all but empty the river so that only a trickle flows into the Aral Sea.

The sea's level is gradually falling, but Mr Okropelitsa has no qualms about any ecological threat. "I think it is much more rational for the water to come to us where it is being used for people and agriculture."

The population of Central Asia is growing faster than in any other part of the Soviet Union and the need for water is rising. Mr Okropelitsa also supports an ambitious plan to divert water south from the giant rivers of Siberia.

"I consider it quite feasible," he said. "The water could be channelled into the Amu Darya. Some would come to us and it would also top up the Aral Sea."

At present a scientific group is studying the possibility of diverting water from the Ob and Irtysh rivers - which now flow into the Arctic, feeding the polar ice - by means of a vast canal south to the populous but dry desert zones.

Mr Grigory Voropayev, chairman of the group, said in a newspaper interview last month that he saw no alternative to the plan and dismissed objections by those who believed it could cause a major environmental upset.

A move to such a project would also be logical for the 25,000 workers now employed on the Karakum Canal, although Mr Okropelitsa also talks of the possibility of a scheme to extract underground water in northern Turkmenistan.

Meanwhile, they are also engaged in widening and deepening the existing canal.

Chinese reduce rationing

PEKING - Strict food rationing in China, which began shortly after the Communist takeover in 1949, is almost a thing of the past except for some items including grain and cooking oil, according to the official magazine Peking Review.

People in Peking confirmed that it was now possible to buy any food in the city without ration coupons, provided it was in season.

The weekly magazine said China's city dwellers were finding that their previously prized coupons for food and other essential items such as soap, cigarettes and cotton were now virtually waste paper.

The magazine said the Government planned to concentrate on producing scarce commodities and luxury items until all rationing disappeared.

Local Chinese said even rationed commodities were available in the multitude of peasant "free" markets which sprang up after sweeping agricultural reforms initiated by Chinese leader Deng Xiaoping in the late 1970s.

Egypt receives Soviet envoy

THREE years after his predecessor was expelled, the new Soviet Ambassador to Egypt, Mr Alexander Belonogov, presented his credentials to President Hosni Mubarak yesterday, Reuter reports from Cairo.

Last July, the two countries agreed to exchange new ambassadors.

The Egyptian and Soviet Foreign Ministers, Mr Esmat Abdel-Maguid and Mr Andrei Gromyko, also arranged to meet in New York, where they are attending the United Nations General Assembly.

British retrieve Suez Gulf mine

British divers have confirmed that a cylinder found 13 days ago in the Gulf of Suez is a mine and have lifted part of it to the surface for examination, Western diplomats said yesterday, Reuter reports from Cairo.

Instrumentation from the cylinder-shaped object is being examined. The rest of the object, packed with explosives, remained on the sea bed.

Inspection of the device could throw light on the mysterious undersea explosions reported in the Gulf of Suez and Red Sea since July 9.

What is the future for coal worldwide?

Next week, 500 coal buyers and sellers from throughout the world's industry will meet in London for a three day conference to debate: the world coal demand/supply balance; the impact of alternative energy sources, environmental constraints, and political factors; new approaches to contracts and trading; and a changing role for transport logistics in reducing landed prices.

With 26 speakers from 32 countries, this is a unique opportunity to assess the coal market from a global perspective.

Details of the final programme can be obtained from: The Conference Manager, C S Publications Ltd, McMillan House, 54 Cheapside Common Road, Worcester Park, Surrey KT4 8RJ. Tel: 01-330 3911. Telex: 8953141 corys g



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- 1) Interim Dividend declared in respect of the financial year ending 31 December 1984, and
- 2) Proposed Rights Issue of one new share of S\$1.00 each for every four shares of S\$1.00 each at an issue price of S\$4.00 per new share.

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WORLD TRADE NEWS

EEC takes tough line over Canada's anti-dumping law

BY PAUL CHEESRIGHT IN BRUSSELS

THE EEC's irritation with Canada's anti-dumping legislation found expression yesterday when the Commission imposed extra duties on a specialised Canadian chemical product and ruled out any acceptance of a price undertaking from the supplier involved.

Five-year Finnish-Soviet agreement to be signed

BY LANCE KEYWORTH IN HELSINKI

A FINNISH-SOVIET five-year framework trade agreement for 1986-1990 will be signed in Moscow during an official visit by Mr Kalevi Sorsa, the Finnish Prime Minister, which starts today.

UK groups to study Kenya Railways

By Hazel Duffy

KENYA RAILWAYS has appointed three British consultancy firms to carry out studies designed to improve the railways efficiency and provide the basis for future investment decisions.

Iraq water treatment deal

BY FRANCIS GHILES

THE FIRST major slice of a £250m British line of export credit to Iraq has been taken up by the water treatment contractors Paterson Candy International, Our Trade Staff reports.

Rules on letters of credit updated

BY MICHAEL ROWE

RULES APPLIED by banks to letter of credit operations throughout the world are being replaced by a revised code from October 1. The author of the rules — the Paris-based International Chamber of Commerce (ICC) says the new version takes account of developments in trade and transport techniques such as increased use of multimodal transport and automation of document handling.

Soviet Union to build Algerian power station

BY FRANCIS GHILES

THE SOVIET UNION has signed a contract with Sonelgaz, the Algerian state gas company, for the construction of a 630 Mw thermal power plant to be built at Jijel, in eastern Algeria, say Algerian Government officials.

Finance agreed for BAE order

By David Lawson

LEASING finance of \$73.8m (£59m) has been arranged for Pacific Southwest Airways on five of the 30 BAe-146 aircraft it has ordered from British Aerospace.

Pulp plant order

BY FRANCIS GHILES

Gadelius, a subsidiary of the Swedish Flaxet industrial engineering group, has ordered two vessels worth a total SKr350m from three large Japanese pulp and paper producers, David Lawson reports from Stockholm.

Refinery revived

BY FRANCIS GHILES

THE Indonesian Government has revived the 51m Musi refinery project, one of 40 major projects shelved indefinitely two years ago to help the economy weather the effects of the world recession and falling oil prices, Reuters reports from Jakarta.

Contract of carriage

BY FRANCIS GHILES

It shows that the merchandise has been shipped, and provides the key to control of the goods. The bill of lading developed at a time when sellers took their goods to the ship. Nowadays, the exporter hands the shipment over to a freight forwarder or multi-modal transport operator who arranges with individual carriers for the through movement of the goods from seller's warehouse to buyer's premises.

Contract of carriage

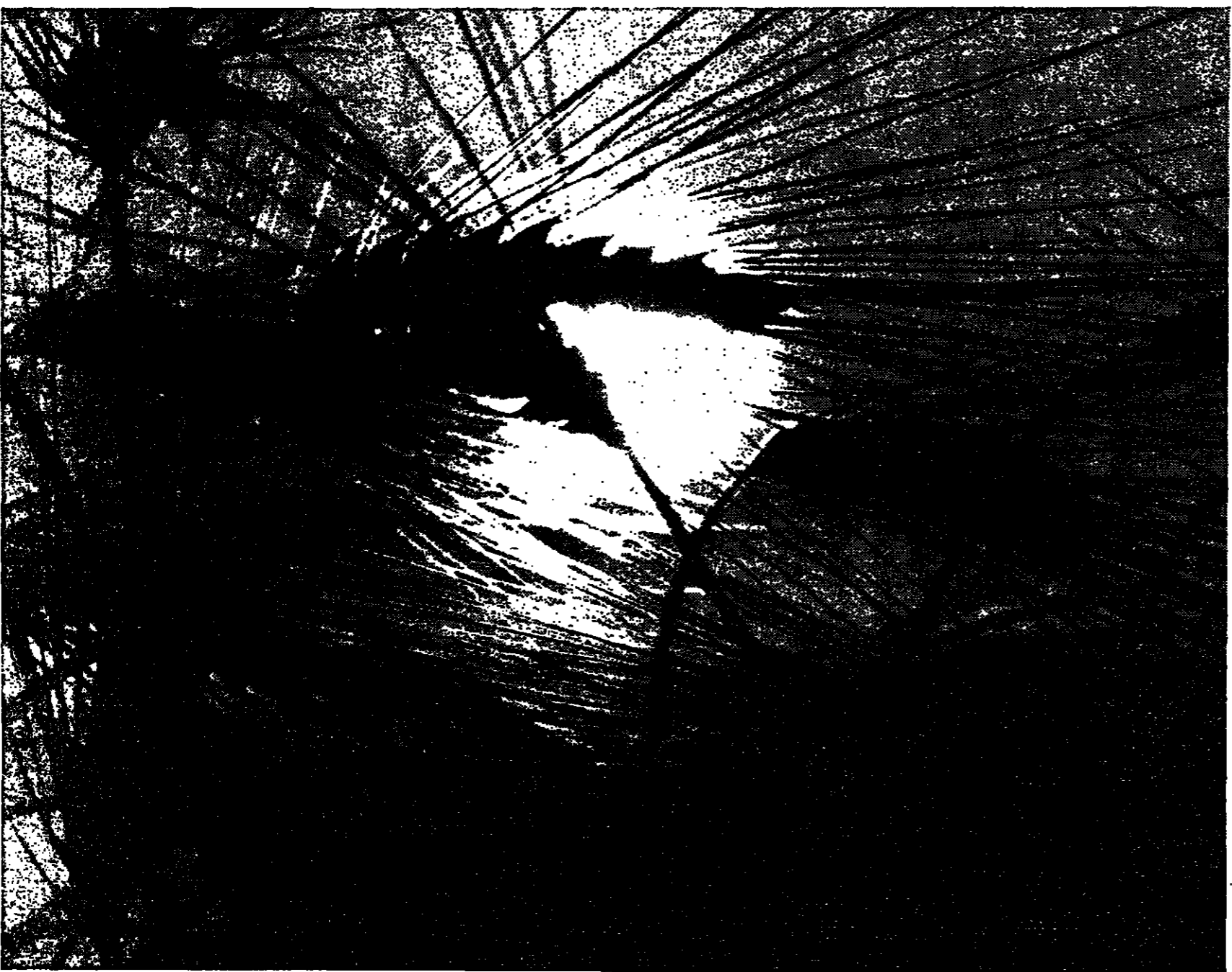
BY FRANCIS GHILES

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ZAMBIA COPPER INVESTMENTS LIMITED
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RESULTS FOR THE YEAR ENDED JUNE 30, 1984

The following are the audited results of the Corporation and its subsidiaries for the year ended June 30, 1984 which should be read in conjunction with the accompanying notes.

	Notes	1984 US\$000's	1983 US\$000's
Revenues:			
Interest and other income		2,244	2,945
Expenses:			
Administration		476	479
Exchange loss	3	1,525	1,025
		2,305	1,504
Earnings before taxes		39	1,441
Foreign taxes		190	280
(Loss) earnings before extraordinary items		(61)	1,161
Extraordinary items (deficit)	4	(1,032)	(6,160)
Net loss		(1,094)	(4,999)
Retained earnings at beginning of year		6,220	6,059
Transfer from contributed surplus	6	5,126	60
		1,032	6,160
Retained earnings at end of year		6,159	6,220

Notes:

- The Corporation holds a 27.3% interest in Zambia Consolidated Copper Mines Limited (ZCCM).
- The exchange loss for the year ended June 30, 1984 was attributable mainly to a substantial depreciation during the period in the values of both the Zambian kwacha and Zimbabwean dollar.
- During the year dividend income received in Zambia in previous years, and which had remained blocked in that country, was advanced to the Zambian government as a sterling denominated loan of £2,911,000. This interest bearing loan will be repaid in three half-yearly instalments commencing March 31, 1986. No dividends from ZCCM were declared or externalised from Zambia during the period under review.
- The deficit on extraordinary items of US\$1,032,000 arose from payments made to De Beers Consolidated Mines Limited relating to obligations in respect of Botswana RST Limited (BRST) and BCL Limited (BCL). The extraordinary item in the prior year arose principally as a result of the official devaluations of the Zimbabwean dollar and Zambian kwacha in December 1982 and January 1983 respectively. As the provision for the payment of interest on such amounts, amounted to the equivalent of US\$13,268,000.
- In the light of the above-mentioned circumstances, the directors have decided not to declare a dividend in respect of the financial year ended June 30, 1984.
- Subject to the approval of members at the forthcoming annual general meeting, the deficit on extraordinary items amounting to US\$1,032,000 has been covered by a transfer from contributed surplus.
- The summarised results of ZCCM for the year ended March 31, 1984 are given below.

	1984	1983
Production (tonnes):		
Copper	561,621	576,518
Cobalt	2,748	2,212
Lead and zinc	45,160	54,612
Sales (tonnes):		
Copper	589,256	588,304
Cobalt	3,127	3,400
Lead and zinc	51,736	53,249
Average proceeds (kwacha per tonne):		
Copper	2,176	1,975
Cobalt	15,854	14,856
Lead and zinc	973	669
Total sales	1,426	1,426
Profit (loss) before taxation (millions of kwacha)	97	973
Net profit (loss) (millions of kwacha)	1	(128)

8. The annual report at June 30, 1984 will be posted to shareholders on or about October 16, 1984.
Hamilton, Bermuda

September 24, 1984

TECHNOLOGY

Business Meetings by Television May Be Cheaper
Compression cuts conference costs

BY GEOFFREY CHARLISH

A CALIFORNIAN electronics company has developed equipment which it claims will be able to send television pictures over a standard digital telephone channel, cutting television conferencing costs to "a small fraction" of those incurred with systems currently on offer in Europe.

The development, from Widcom in Campbell, California, could mean that when digital telephone links between individual subscribers are fully established, it will become possible to send television pictures over switched telephone networks, albeit at a lower quality than broadcast TV.

Switched digital connections to business premises will become available in The City of London early next year but it will be some years before other parts of the country are covered. Such connections are dependent on the programme to install system X telephone exchanges.

In video conferencing—which so far has very few users and needs dedicated links—the participants gather round a console housing screens and a camera, viewing both the faces and the documents transmitted from similar equipment at the other end of a telecommunications link. The idea is to reduce the cost of travel among company executives and to allow faster communications.

Such systems have been in existence for 10 years, but have been costly to use and have involved travel by the users to a regional transmission centre.

Over the past 18 months two companies, Compression Laboratories of California (whose products are offered by Flessy in the UK and ITT in Europe) and GEC Video Systems of Slough (in co-operation with BT) have announced systems which sharply reduce the bandwidth needed to send the pictures over lines and satellite links. In addition, large-scale integrated circuit "chips" have kept down the cost of the equipment itself.

The bandwidth of a communications link is its total capacity to carry information. Telephone channels use only a tiny part of the total, but television pictures, because they carry relatively large amounts of information, use up much more. A line that can accommodate thousands of telephone conversations for example, can carry only a handful of TV channels.

So television transmission is costly compared with speech, and engineers have been seeking to reduce it for years. The basic of all the systems is to identify "redundancy" in the picture frames as they occur. For example, a static picture, say a page of text, once sent, needs no further transmission data because one frame is no different from the last. The picture is received and stored for continuous re-display at the other end.

Basically, the systems look for changes from one TV frame to the next (there are 25 each second) and also, on an area by area basis, differences within a frame — which for this part

of the processing is divided up into several hundred areas. The fewer differences there are the less data needs to be sent. So a crowd in the rush hour at Victoria station needs more data than one man walking down an empty street.

The effectiveness of the techniques is dependent on software employed, but in all cases as the amount of data compression increases, the picture definition reduces, particularly during motion of the content.

Widcom says its software is good enough to allow transmission at digital rates of 56,000 bits per second (56kb/s), which will probably be the standard rate of a digital telephone channel in the U.S. (The likely UK figure is 64 kb/s).

Widcom claims that in terms of definition and noise, the pictures received are as good as those from a typical home video recorder. In terms of motion, only relatively violent movements (not usual in a conference) will produce blur. After the motion blur, it is claimed that the picture recovers in about 0.3 second.

If the picture quality of the unit proves acceptable, then the achievement in reducing the bandwidth to 56 kb/second is considerable. Most of the other systems use a data rate in the 1.5 to 2.0 megabits/second bracket.

The success or failure of these systems will depend on cost and the acceptability of the picture quality. Only a practical demonstration really counts, but it seems evident

that the conference participants will be required to remain reasonably static.

Most of the systems have facilities for sending documents on a single frame basis—some spend more time transmitting the frame in order to increase the definition.

A recent report by Frost and Sullivan estimates that video-conferences are conducted by fewer than 10 per cent of the largest U.S. corporations, although telephone conferencing is used by about 40 per cent of them. Of the communications managers consulted, about half expect to use video conferences in the future.

These managers attribute their resistance to the technique to loss of personal contact and relatively high cost. Having to go to some special location to be in a conference also seems to be an objection.

The important part of any system is the "codec" (coder-decoder) where the signal processing takes place. Widcom's price for one of these in the U.S. is \$75,000. A year ago Compression Laboratories was quoting \$145,000 for its VTS LSE system.

In terms of transmission charges, in the U.S. it has been estimated that a reduction is possible to at least one tenth of the costs with existing 1.5 Mb/s systems.

In the UK the only announcement of a corporate system so far has been from Ford, which is using the GEC system to confer with European colleagues via satellite.

HOW ROBOTICS CAN TEST COMPONENT SIZE

Robots with sight measure distance

A SMALL British company is trying to marry the use of robots with technology to measure distances using optical sensors.

In this application, a robot holds in its gripper a device that shoots radiation at a surface and detects the reflected beam.

In this way, the sensing device can determine the distance of the surface from the gripper and hence its position. With a suitable set of software instructions, the robot can be made to move rapidly around an engineering component, taking a

series of measurements at set locations.

The technique enables engineers to monitor accurately and quickly the dimensions of objects, for example as they move off a production line. In contrast, most established ways of doing the job are clumsy and slow. A technician would have to take the item to a fixed measuring station and painstakingly record the dimensions of parts of the hardware, with callipers for instance.

G.V. Planer, based in Sunbury on Thames, near London, is selling systems based on the robotic measuring techniques. The sensors themselves are based on laser diodes and semiconductor radiation detectors. They are made by Selcom, a company in Sweden. The devices can be fixed to standard types of industrial robots, for example made by Cincinnati Milacron or Asa.

pioneered by General Motors in the U.S. With such hardware, the car giant monitors the dimensions of vehicle bodies in factories.

G.V. Planer says it is trying to tempt an unnamed British car company to buy a similar set of hardware. The cost for a two-robot system would be about £100,000. The Sunbury company also hopes to sell the hardware to enterprises in the engineering industry.

PETER MARSH

Armoury for success in the European computer world

EDITED BY ALAN CANE

"IBM HAS been the 'big winner' over the last year" (UK).

"In its first year on the PC market, IBM 'created' the distribution network, in the second all the signs are they are intent on creating the market" (West Germany).

"The complete domination of the market by the two leaders IBM and Apple, leaves very little room for other manufacturers" (France).

"Olveti with continued its domination... In the first half of 1984 the IBM PC became a very serious threat" (Italy).

If any further proof was needed, these quotes from a new survey* of the European market for professional personal computers shows that IBM's marketing strategy has been as successful outside the U.S. as within.

It suggests that in 1983, Apple had 16 per cent of the total European market followed by IBM with 13.4 per cent and Olivetti with 6.0 per cent.

By the end of 1984, it predicts, the picture will have altered markedly. IBM will lead with 28.2 per cent with Apple almost 10 per cent behind with 18.3 per cent. The rear is brought up by Olivetti (7.7 per cent) Hewlett Packard (5.1 per cent) and Digital Equipment (4.7 per cent).

The survey notes: "Although by total European volume, the ACT Apricot computer will achieve in 1984 significant volumes, these will be chiefly in the UK, the market share of ACT/Apricot in other European countries will still be small in 1984."

Japanese manufacturers as a group claimed 10 per cent of the European market in 1983; the survey expects this share to slip to 8.9 per cent in 1984.

The authors of the report, Intelligent Electronics of Paris, believe that the personal computer market in Europe is entering a period of dramatic growth which should be sustained until well into the 1990s.

"PCs have now begun to penetrate the large companies in most European countries and the penetration rate is likely to accelerate as intelligent PCs take the place of existing computer terminals."

The distribution picture has changed considerably at the same time. Computer stores have expanded while the importance of both the systems houses and the office equipment dealers has diminished. "Under the implementation by IBM of

a dealer orientated distribution policy, authorised IBM dealers have become the leading vendors in every country. Not only have they achieved the highest sales volumes on average per dealer, they have originated new standards in distribution."

The weapons to be used in the emerging European personal computer wars are essentially:

- 1—Products which are easy to use and easy to connect to other pieces of equipment.
- 2—Promotion of the development of software by local and international software producers.
- 3—Development of a strategy for dealer networks.



BY ALAN CANE

- 4—Strong dealer support in terms of delivery, after sales service and information.
 - 5—Fixed prices, published price lists, control of negotiations for large orders and other methods of price control.
 - 6—Visibility in the market place supported by efficient merchandising aids.
 - 7—High priority given to press and public relations.
 - 8—High advertising budgets.
 - 9—Coherent European-wide strategy with attention paid to national peculiarities.
- In other words, all the apparatus of mass marketing. In the UK, for example, the survey notes: "There is a very high level of advertising expenditure on microcomputer products and manufacturers are taking an increasingly aggressive position in their campaigns... advertising in the UK is that of a mass consumer market—elaborate messages and mass media."
- By comparison, the West German distribution network has been slow to develop and there has been a trend towards computer dealers growing in size, but not in number. "As dealers have to provide high levels of support to their customers, they tend to concentrate on a limited number of brands. This means the distribution... 'bottleneck' is a severe handicap."
- In France, the most notice-

able trend has been the takeover by computer stores of the distribution of personal computers, a result of IBM's requirement that stores wishing to become authorised IBM dealers had to have a display window. The result was that systems houses and office equipment dealers opened specialised computer boutiques.

Agens, a nationwide chain started by Promodata with the backing of the Indosuez banking group, has been the big success story. Its Paris store is reckoned to be of the highest standard in the country and it has been opening stores of similar size and quality in big cities every two months since February this year.

In Italy, the scene is set for a battle royal between Olivetti and IBM. Olivetti created the market and when IBM entered the arena, many doubted its chances of competing against the Italian giant. But in 1984, Olivetti's image as a PC market contender declined because of a lack of software for its machines and a lack of price control.

Intelligent Electronics comments: "Now Olivetti has introduced its new range of compatible PCs and seems to be implementing a completely new marketing strategy, its chances of renewed success are greatly enhanced. Its long term success will depend on its abilities to implement a strict price control policy."

The inescapable conclusion to be drawn from the survey is that IBM seems unstoppable. There is no sign of significant weakness in its marketing in any of the European countries, and it is the market leader in each one with the possible exception of France, an Apple stronghold. But as the survey notes: "It will take another few months to see whether Macintosh is the right weapon for Apple to keep its market leadership position."

In the UK, for example, the survey notes that 1983 was a standstill year for Apple, marking time until the launch of the Macintosh. "The re-engineered Apple IIe has given its sales a boost in the early part of the year, but dealer incentives and promotional pricing policies were needed to lift flagging sales towards the end of the year."

*The European Personal Computer Market 1984-1990, Intelligent Electronics, Paris, £750.

Software
Till sales to stock control

WOOTTON JEFFREYS, the Surrey-based computing services company, has developed software which allows retail till sales to be posted directly to a computerised stock control system.

It is part of a sophisticated sales order entry system that the company has been developing for Sanderson, the wallpaper and fabric manufacturer. It is thought to be the first of its kind in the UK.

More on 04867 80033.

Computing
Macintosh enlarged

APPLE COMPUTERS has introduced another version of its Macintosh personal computer. This has 512k bytes of internal memory and is aimed at business use.

The machine is to be introduced several months ahead of schedule says the company due to the availability of 256k memory chips. The price of the computer will be about \$3,195, though existing Macintosh owners can upgrade their computers to the 512k byte version.

Medical
Records

FATHMED is a medical records system for pathology departments in hospitals. It was developed by Radius and will run on the Texas Instruments range of computer systems which allow more than one user at a time.

It can monitor the day to day work of the laboratory, record tests and store individual patient history. Included in the system is a word processor system. More details from Texas Instruments in Bedford.

Finding an inexpensive solution to an expensive fuel problem



With oil prices soaring, today's shipowners can no longer afford to run their vessels on diesel oil. By switching to the alternative however — a heavy fuel oil produced by modern refineries which can cut fuel bills by up to 35% — they are faced with the problem of cleansing.

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VALITOLEN LONDON

UK NEWS

Leyland unveils key truck range

LEYLAND today launches a new medium-weight truck called Roadrunner, which the company claims will take it back to leadership of Britain's heavy truck market, lost to Ford in 1977. It should also help Leyland with the uphill task to establish a significant presence in continental Europe.

Roadrunner is probably the most important new vehicle in Leyland's history, according to Mr Les Wharton, managing director, and "should set the seal on Leyland's return to viability."

Mr Ron Hancock, its chairman, emphasises how much is at stake by describing the project as being "as important to Leyland as the Metro was to Austin Rover" - another part of the state-owned BL group.

The new vehicle completes Leyland's model renewal programme which started 4½ years ago with the launch of the heavyweight Roadtrain, first of the T45 "trucks for Europe" range.

Of the £80m spent on the T45 models, £10m went to develop Roadrunner, previously codenamed MT211.

It fills the gap between the Sberpa vans built by Freight Rover, another BL subsidiary, and the other T45 trucks launched since 1980.

"Since that time we have recognised the Leyland range from a group of outdated and mismatched vehicles to a rational one with models from six to 60 tonnes," said Mr Wharton.

Roadrunner competes in the high-volume six to 10-tonne sector, which accounts for 30 per cent of total UK heavy truck sales (over 3.5 tonnes gross weight).

In particular it is aimed at buyers of 7.5 tonne trucks - part of the market which has grown from only 1 per cent to 20 per cent of total sales in the past ten years since

Roadrunner, a six-to-10-tonne vehicle, completes a 4½-year model renewal programme by the state-owned manufacturer, writes Kenneth Gooding, Motor Industry Correspondent. The Paris Motor Show next week will see a "truck for Europe" which will challenge Renault as well as Ford.

that became the heaviest weight at which a vehicle could be driven without heavy goods vehicle licences.

The 7.5 tonne sector is dominated by UK-based producers. Leyland's 15-year-old Terrier, Ford's Cargo and the Bedford TL between them have accounted for 85 per cent of sales.

Leyland expects to sell 1,800 Roadrunners in Britain this year and 3,000 in 1985. This compares with Terrier registrations totalling 1,563 last year and a forecast 1,800 in 1984. Its total UK truck sales last year reached 7,467.

Roadrunner will go on sale on October 8 and its first public showing will be at the Paris Motor Show next week. Leyland hopes to sell about 200 in France next year and believes limited volumes can be sold in Spain, Portugal and the Benelux countries.

The company has started seriously tackling the French truck market with two T45 models. Last year Leyland sold only 270 of all types of trucks in France but expects to do better in 1984, even though Renault, in an effort to stop its domestic market share being further eroded, has started the fiercest price-cutting war in Europe.

Leyland expects the launch to put its 35 distributors in France on a much more secure footing.

To enable the British dealer network to cope with the increased volume, the company has appointed 41

new service dealers to handle only Roadrunner and to increase the coverage given by the 53 distributors who have the full range.

Leyland has developed for Roadrunner an entirely new cab which is cheap to make and therefore viable even at relatively low volumes of output. The cab offers drivers the choice of the traditional flat steering wheel, truck-type position or a raked wheel position similar to most cars.

It wanted to make Roadrunner as easy to drive as a private car, an important consideration for a truck which will often be driven by people without heavy-vehicle licences.

Roadrunner is over 95 per cent British in content, according to the company. It is made in three basic models, each available with one of four wheelbases. They have gross vehicle weights of 6.5 tonnes, 7.5 tonnes and 10 tonnes. Wheel bases are 3.25 metres, 3.85 metres, 4 metres and 4.4 metres.

Roadrunner is powered by Leyland's 98 series, a six-cylinder diesel engine, uses Leyland's Albion rear axles and a Turner gearbox. A new Cummins engine - called the Family One and to be built in Britain - should be available from 1986.

If Roadrunner lives up to Leyland's expectations it will boost the company's UK sales by at least 30 per cent. Regaining the leadership of the British heavy truck market from Ford would, apart from anything else, be a great morale-boos-

ter for Leyland's employees and its beleaguered dealers after years of continuous decline.

Leyland received a total of £350m of the £2bn government aid for BL since 1978, and £32m of it was invested in a new assembly hall at Leyland, Lancashire where the Roadrunner will be produced alongside the other T45 models.

Roadrunner is the first vehicle to get the full benefit of Leyland's new £22m technical centre, where the truck was developed from the wheels up. By using computer-aided design and testing individual components at the centre, Leyland says it cut the development time from seven to three years.

Even so, Leyland's critics suggest Roadrunner should have been introduced much earlier so as to protect the company's market share. It should have been the first of the T45 models, instead of the low-volume heavyweight Roadtrain, they say.

In 1976, the last year it had market leadership, Leyland sold 13,302 trucks in Britain for a 23.2 per cent share compared with Ford's 12,713 and 22.3 per cent. The failure of Leyland's engine renewal programme in the 1970s - in particular major problems with the then-new 500 engine - had already begun to take its toll and the company's share had fallen from over 30 per cent in 1973. The decline went on until it bottomed out at 13.4 per cent in 1982.

Last year Leyland had 14.96 per cent of the market, whereas Ford captured 21.2 per cent. By the end of last month the gap had narrowed even though Leyland's share slipped slightly to 14.4 per cent - because Ford's penetration was down to 16.74 per cent.

MacGregor to resign from Channel consortium

BY ANDREW TAYLOR

MR IAN MACGREGOR, chairman of the National Coal Board, has suggested that he should step down as chairman of the Euroroute consortium which is proposing an ambitious 6A.1bn bridge and tunnel link across the English Channel.

Sir Nigel Brookes, chairman of Trafalgar House, the shipping, property and construction group, is expected to take over Mr MacGregor's position as head of the consortium.

Mr MacGregor took over the Euroroute post while he was chairman

of British Steel Corporation. BSC is one of six British members of the Channel link consortium. Mr MacGregor has decided that as he has since left BSC - he became chairman of the coal board last September - it is no longer appropriate for him to remain chairman of the consortium.

Other British members of the Anglo-French consortium include British Shipbuilders, Trafalgar House and the civil engineers John Howard and Fairclough Construction.

French members of the consortium include Société Générale banking group, GTM Entrepote, the civil engineering company, and Chantiers de l'Atlantique, the nationalised shipbuilding concern. Raymond International, the U.S. civil engineering group, is an associate member of the consortium.

Euroroute is one of three consortia with proposals for the British Government for a cross-Channel link. The other large groupings are the Channel Tunnel Group (members include Wimpey, Tar-

mac, Taylor Woodrow, Ballour Beauty and Costain) and Euro-Bridge, whose members are mostly drawn from designers and consulting engineers supported by ICI and British Petroleum.

The British Government has said it will not back any scheme which requires it to give financial guarantees. It has asked the consortia to come up with plans which allow the British end of a Channel link to be financed entirely from the private sector.

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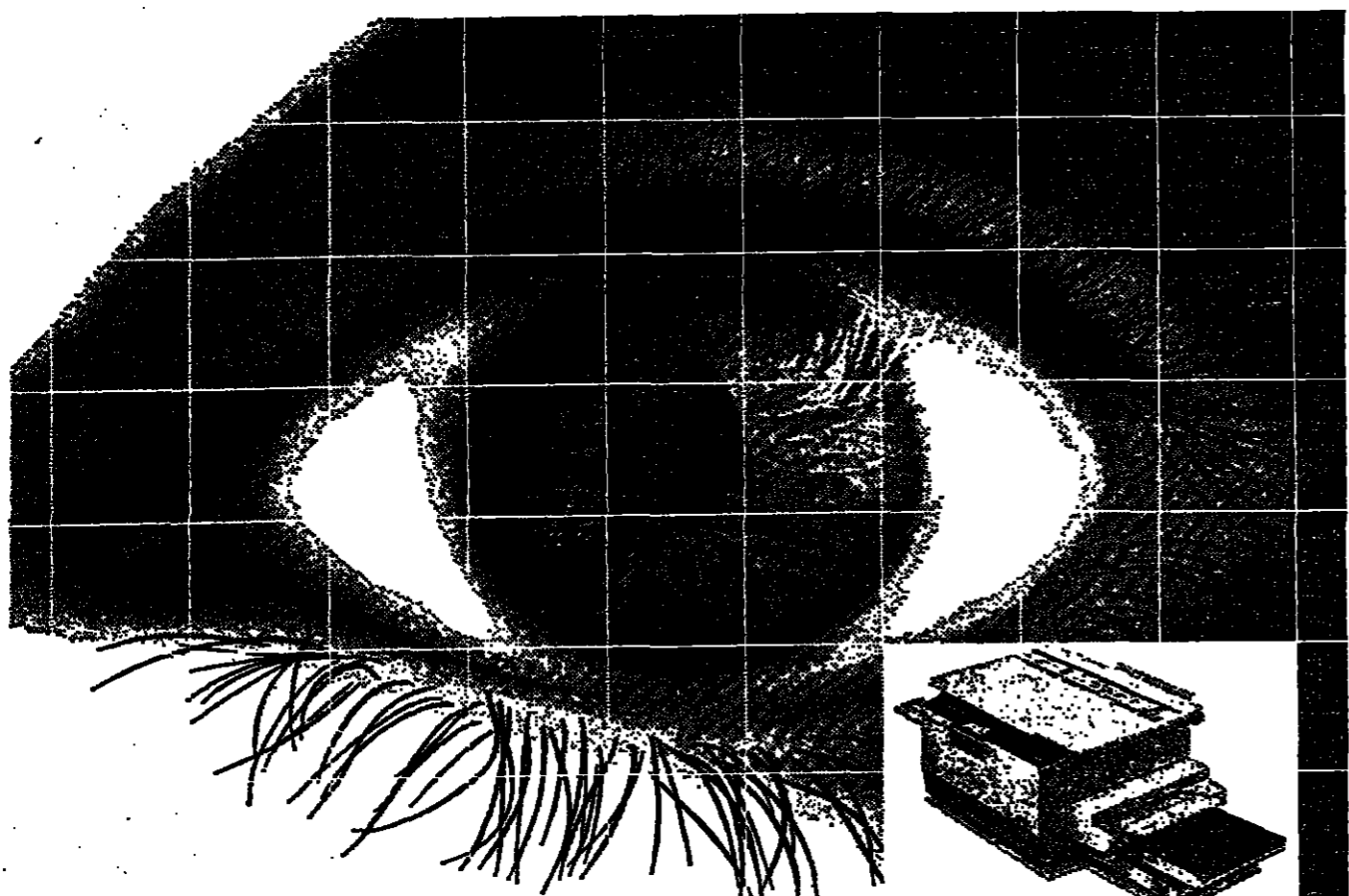
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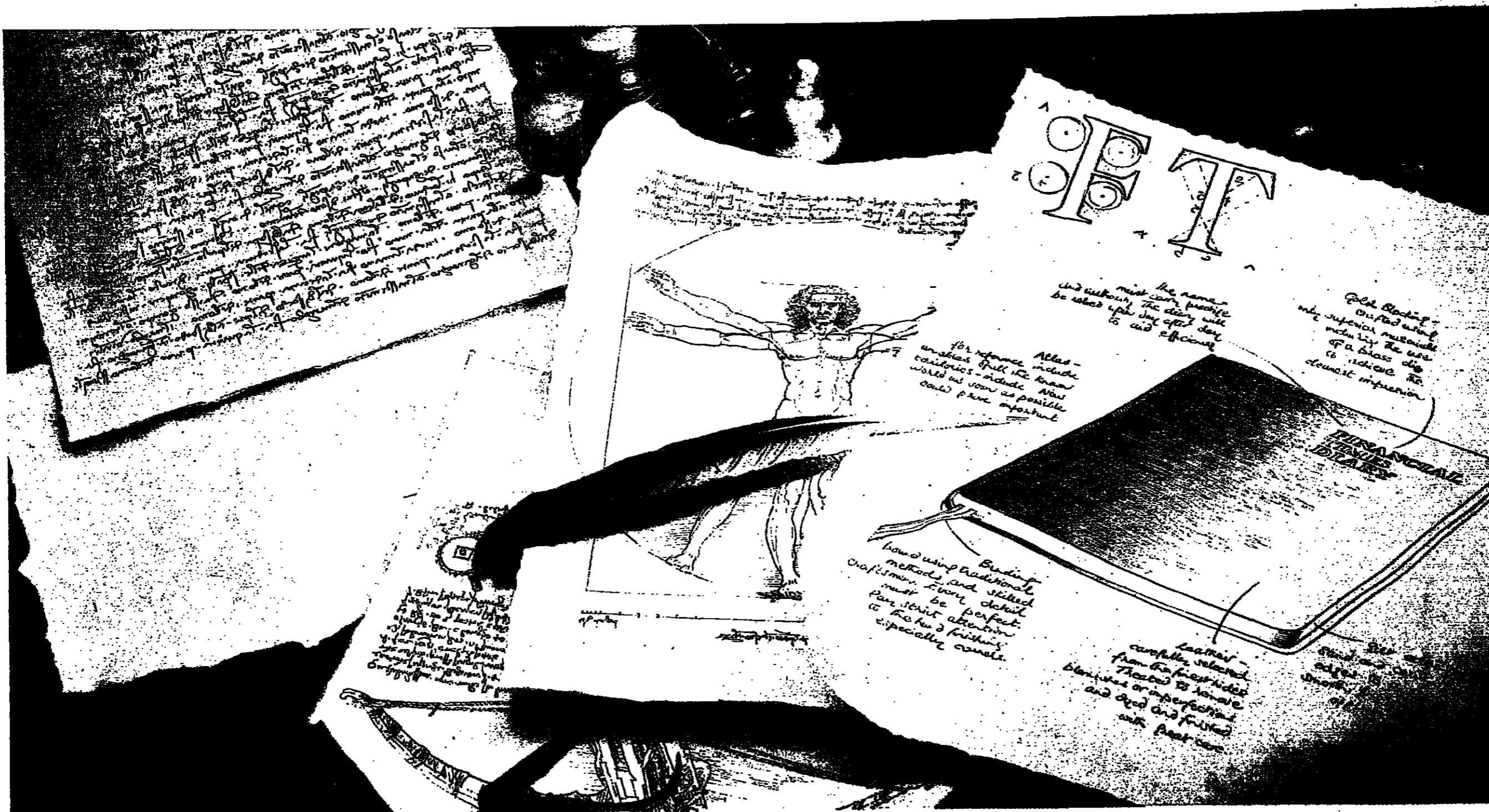
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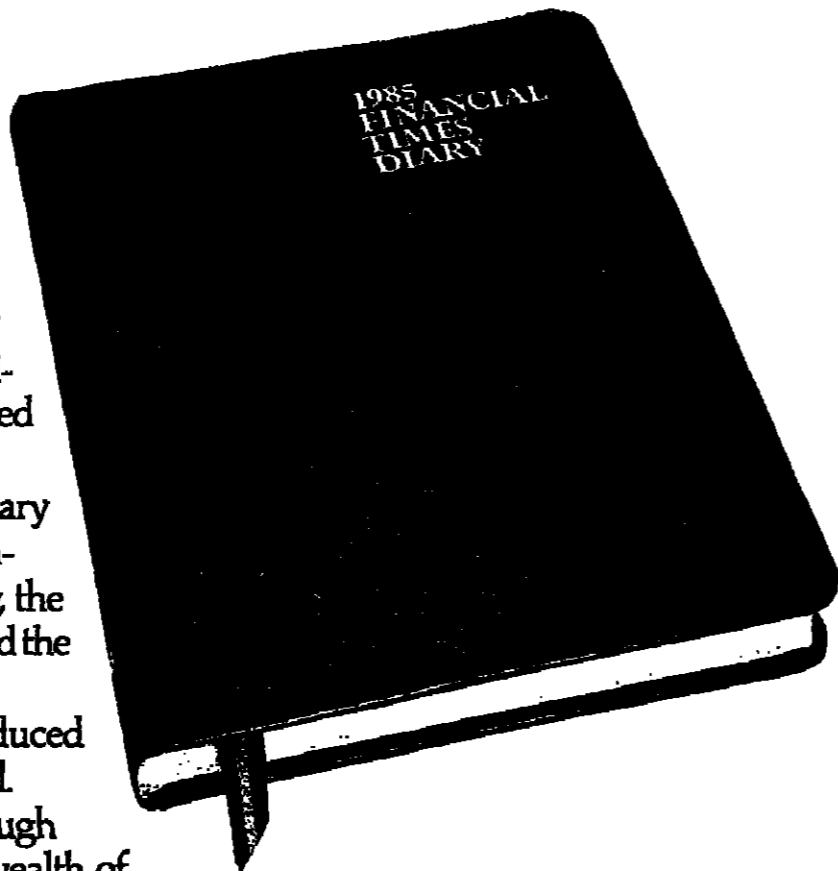
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UK NEWS

NCB may talk again 'directly' to mineworkers

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR IAN MACGREGOR, National Coal Board (NCB) chairman, said last night he was ready for new talks with leaders of the National Union of Mineworkers (NUM), if necessary via the conciliation service, Acas.

After a two-hour meeting with Trades Union Congress leaders, Mr MacGregor said the NCB would "consider resuming negotiations directly with the NUM."

At the same time, the ballot of mining supervisors over whether to join the seven-month coal strike continued yesterday to show a move towards a large majority in favour of action.

Members of the National Association of Colliery Overmen, Deputies and Shifters (Nacods) at pits in the North-east and in the working North Nottinghamshire coalfields voted in favour of a strike. A handful of ballots in the militant areas of South Wales and Yorkshire had the same result.

Most Nacods officials, however, believe that the issue will not be

tested. The ballot was called over NCB instructions to the supervisors that they must cross mass picket lines of the NUM.

If the strike is called, it could close the pits which have stayed open - about a quarter of the total - during the NUM dispute.

The Nacods officials believe that a vote for a strike will mean that the NCB will make concessions at talks arranged between the union and the board tomorrow.

Mr MacGregor and other board officials met senior leaders of the TUC to explain the board's position in the dispute.

Mr Peter Walker, the Energy Secretary, said yesterday that Mr MacGregor and the Government were not trying to defeat the miners.

He defended the board chairman as "a man who wants this industry to succeed" and accused Mr Arthur Scargill, president of the NUM, of making an "impossible demand."

Mr Scargill has refused to accept the board's plans to close uneconomic pits.

Dutch may win Laura Ashley's new plant

By Robin Reeves, Welsh Correspondent

URGENT discussions are taking place between government departments on a special industrial aid package to prevent a major E2m expansion project by the Laura Ashley group being shifted from Wales to the Netherlands.

The internationally recognised fashion and design business would prefer its latest planned expansion - a new 120,000 sq ft (11,146 m²) textile and wallpaper printing plant to be located at Newtown, Powys, a few miles away from its mid-Wales headquarters in Carmarthen.

In 1982 mid-Wales lost its development area status, however, thus removing the company's eligibility for automatic regional aid and generous financial assistance under the 1972 Industry Act.

The Government's Welsh Office and the region's development agency, Mid-Wales Development (MWD), are therefore unable to match a £2m aid package being put forward by the Netherlands Government, to secure the project alongside the group's existing Dutch plant in North Brabant, a Dutch development area.

The development area status enjoyed by mid-Wales in the 1970s contributed towards Laura Ashley's rapid expansion into the biggest manufacturing employer in the region. It has seven factory units in mid-Wales employing over 1,000 people.

The proposed expansion would create up to 900 more jobs in the area over the next three to five years, provided adequate official aid to secure the project was forthcoming.

The Welsh Office and MWD are now pressing the Department of Trade and Industry to provide a special aid package under another section of the Industry Act designed to capture internationally mobile investment projects.

The signs are, however, that matching the Dutch offer will require the usual ceiling of 20 per cent of the value of the project to be exceeded. Any government financial offer may also require the approval of the EEC Commission, which has legal power over the level of state aid to industry.

Mr John James, the group's managing director, said yesterday that a decision on the location would have to be taken within the next month. The new plant is due to come on stream in autumn 1986.

The company rules out locating the project in one of Wales' remaining "development areas." "It is not our fault that silly lines have been drawn on maps," Mr James commented.

Unless the Dutch offer was matched, the company would take up the offer in the Netherlands where it already owned land suitable for the expansion. But such a move would raise questions over the long-term future of the company's activities in mid-Wales.

"The Carmarthen operation will continue but will grow obsolescent because new machinery will go elsewhere," Mr James added.

Detailed laws to control City still an option, says Tebbit

BY SUE CAMERON

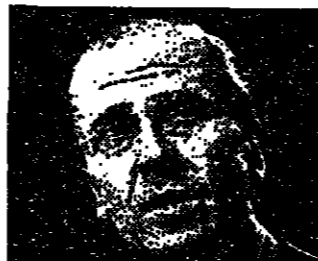
THE GOVERNMENT has still not ruled out the introduction of tough, detailed new laws to control London financial dealings, Mr Norman Tebbit, the Trade and Industry Secretary, said yesterday.

At a Confederation of British Industry (CBI) conference in London he stressed, however, that he favoured "self-regulation under clear guidelines backed by statute - if it can be achieved."

Self-regulation would best fit with his policy objectives for the City of London. At the top of the list of objectives was that the City should provide a competitive service to UK industry and commerce and to the Government. Such a service needed to be internationally competitive.

"To achieve that, I believe that the London financial markets must be given the maximum freedom to compete and to innovate while ensuring that London is recognised as a clean place to deal."

"That is the best way of reconciling the provision of competitive fi-



Mr Tebbit: no decision

ancial services with investor protection. I also believe that this requires both a framework of maximum disclosure of market information and tough sanctions against fraud."

All the advice coming to him tended to reinforce his preference for self-regulation rather than for "more direct government intervention," but he stressed that he had yet to take a decision.

Mr Tebbit said he would be discussing the issues with Mr Robin Leigh-Pemberton, the Governor of

the Bank of England, and with ministers in "the next few weeks." A government policy document (White Paper) would be published before the end of the year and the Government aimed to introduce new legislation in the 1985-86 session of parliament.

At the conference, held by the employers' federation to discuss the work of the Department of Trade and Industry, Sir Terence Beckett, director general of the CBI, called for the "highest priority" to be given to reducing non-tariff barriers in Europe.

"We all know the difficulties caused by red tape, technical requirements, labelling and so forth," Sir Terence said. "But I begin to doubt the commonality of the market when a lorry driver has to produce 27 pieces of paper in order to drive from West Germany to Italy."

Sir Terence also called on Mr Tebbit to provide UK exporters with "the same level of support given our competitors by their govern-

Nimrod snags delay RAF plan

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

PLANS to modernise Britain's air defences will be delayed by at least another year after the discovery of defects in the complex radar systems for the new Nimrod early-warning aircraft.

The RAF was to have formally accepted the first of 11 AEW Nimrods from British Aerospace yesterday, but the handover was postponed after trials in which the aircraft's complex avionics and radar systems, designed by Marconi Avionics, failed to perform satisfactorily.

According to senior officers the RAF still hopes to be able to accept the first aircraft by the end of the year and at least two or three fur-

ther aircraft next year. Only when the RAF has three or four aircraft can it start training for the aircraft's 10-man crews.

Officers acknowledge that it could be 1986 before the Nimrods, vital for Britain's defences and dedicated to Nato, become operational. That would be two years later than originally planned when the Nimrods were ordered in 1977.

The AEW Nimrod is described as the most complex airborne system yet put together by British industry.

The aircraft depends on complex electronic, data processing and communications systems. Accord-

ing to defence officials this whole system has yet to "shake down" to the RAF's satisfaction, rather than the radar alone being at fault. There is no doubt the RAF is disappointed and the Ministry of Defence and the companies embarrassed at the delays.

The delays will mean increased costs for the ministry. Each Nimrod is believed to be costing upwards of £100m. Contracts with the companies are on a cost-plus basis, which means essentially that the ministry foots the bill for any overruns.

The RAF will meanwhile have to continue to patrol Britain's costs with its ageing Shackleton aircraft.

Panther plans issue of shares to fund sports car launch

BY JOHN GRIFFITHS

THE SOUTH KOREAN owners of Panther Car Company plan to offer 20 per cent of the equity in the UK specialist cars producer on international markets.

The move by Jindo Industries, an industrial group with \$140m a year turnover, is intended to help pay the expected £630,000 to £750,000 development costs of a mid-engined sports car which Panther is to unveil at next month's Motor Show in Birmingham.

The car, code-named EM25 but expected to be called the Solo, is intended to transform Panther from a producer of 1930s-type replica cars into a modern sports car maker along the same lines as Lotus.

Whereas Panther expects to build only 620 of its current Kallista model this year, its chairman, Mr Young Chul Kim, expects EM25 output to rise to 2,500 a year after full production starts in 1986.

Of these, about 1,000 are planned to be built at Long Beach, California, by Jindo Bertolini, a Korean-U.S. joint venture subsidiary currently engaged in making container chassis. The EM25 would provide incremental sales to the Kallista, production of which to continue the timing of the equity offer has yet to be decided, but with £200,000 scheduled to be spent on the project by the end of this year - so far financed internally - it is unlikely that Panther would want to delay the offer beyond the end of 1985.

The EM25 investment compares with an expected turnover for Panther this year of about £5.1m. Of this, only about £3.5m to £3.6m will come from Kallista production. The remainder will be from a conversions and coachbuilding operation resurrected after Jindo spent

£300,000 rescuing Panther from the Receiver in 1980.

The remaining funding for the EM25 is expected to be organised through South Korean bankers.

Panther remains reliant on its Jindo parent for visibility. The Kallista's bodies, in aluminium, are fabricated in Jindo plants near Seoul and are shipped to the UK in containers built by Jindo Containers, a group subsidiary which makes about 40,000 containers a year for delivery all over the world.

The Korean-sourced body accounts for about 27 per cent of the Kallista's material content, excluding UK overheads such as plant and labour.

If it had to rely solely on UK sources for parts, Mr Kim said yesterday, Panther would build only 250 cars, and charge higher prices than the £9,820 for its 1.6 litre model.

Production of the EM25 will be treated to similar fashion to the Kallista. In the case of U.S. production, mechanical and trim kits will be shipped from the UK but the bodies will arrive in California directly from Korea.

The EM25 is expected to sell for £10,000 to £12,000 in the UK, and for \$18,000 in the U.S. Panther is already setting up dealer networks in the U.S. and will prepare the ground for the new Panther by launching the Kallista on the North American market in March.

Ford power units, notably that fitted to the Escort XR3i model, will be used on the EM25, as is the case with the Kallista.

From having just a handful of employees after the takeover, Panther has built up to 162. Earlier this year it opened a second factory at Byfleet, Surrey, with a capacity of 16 Kallistas a week.

Unions to consider ballot rule changes

BY JOHN LLOYD

MOST of Britain's large trade unions are prepared to examine the need to change their rules in order to conform with provisions on ballots before strikes which become law tomorrow.

Provisions contained in the Trade Union Act stipulate that a union will lose its immunities from legal action if it does not hold a ballot on any industrial action which causes the union member to break his or her contract of employment. The ballot must be secret and be held within four weeks of the strike beginning.

A few unions - like the Electrical Electronic Telecommunications and Plumbing union and the British Association of Colliery Management - are bringing in changes to union rules to accommodate the Act where necessary. The electricians will be able to ballot members affected by a strike through the use of

computerised records, while the colliery managers are studying the need for changes which will be recommended to the 1985 annual conference.

Others, like the Transport and General Workers' Union, the UK's biggest, have taken a defiant "business as usual" posture. Mr Moss Evans, its general secretary, said that any changes would be made by delegates to the union's rules revision conference in 1986, and not in response to the requirements of the Act.

A more numerous group of unions is playing the issue more cautiously. The General Municipal and Boilermakers' Union, the executive of which is likely to discuss the Government's measures at its meeting this week, has set up a working party to determine what moves it may make to safeguard union funds against possible attack under the act.

State aid switches towards South-east

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

COMPANIES in the prosperous South-east of England are receiving an increasing share of the Government's selective assistance to industry, while automatic grants to the traditional blackspots in Scotland, Wales and North England are being pruned severely.

Figures released by the Government yesterday show that £288.2m has been offered through a variety of schemes qualifying for selective assistance. These include the micro-electronics industry support programme, the fibre-optics scheme and the robot support programme. Just under a quarter has gone to companies in the South-east.

At the same time, automatic grants are being curtailed. Payments to the special development areas and development areas, mainly the traditional heavy-industry regions of the country such as Clydeside in Scotland, Tyneside in North-east England, Merseyside and South Wales, dropped by over a third to £438.9m in the 12 months to end-March, compared with £589.5m in the previous 12 months.

These areas are apprehensive that the Government's review of regional policy will entail further cuts in the amounts paid to them in mandatory development grants.

The company rules out locating the project in one of Wales' remaining "development areas."

Unless the Dutch offer was matched, the company would take up the offer in the Netherlands where it already owned land suitable for the expansion. But such a move would raise questions over the long-term future of the company's activities in mid-Wales.

"The Carmarthen operation will continue but will grow obsolescent because new machinery will go elsewhere," Mr James added.

Maxwell pursues rival bid for North Sea yard

BY DAVID LAWSON

THE OFFICE of Fair Trading (OFT) heard yesterday that Mr Robert Maxwell was continuing his £10m bid to take over the RGC North Sea construction yard in Scotland which British Steel has contracted to sell to Trafalgar House.

The OFT said Mr Maxwell's representatives had been in touch about the Fife yard and it was waiting for further details. The move is being made through the Daily Record and Sunday Mail newspaper

group - acquired by Mr Maxwell with the Daily Mirror group - which wants to diversify its surplus resources in Scotland.

Trafalgar House said yesterday: "Mr Maxwell can go to the OFT like anyone else to talk about our deal, but in order to bid he has to have a deal with British Steel."

"We had an unconditional option for several years which we have converted to a contract for completion on October 1."

Bank branches reduced

BY OUR FINANCIAL STAFF

THE LONDON and Scottish clearing banks shut down more than 100 branches last year, further narrowing their lead over the building societies (saving institutions which lend money for house purchase). The societies opened nearly 200.

The clearers ended the year with 12,047 branches, down from 12,772 in 1982. The building society branches rose from 6,480 to 6,672.

According to Noel Alexander Associates, the banking consultancy and research firm which compiled the figures, there are now 190 clearing bank branches for 100 building society branches, compared to a ratio of 357 to 100 in 1978.

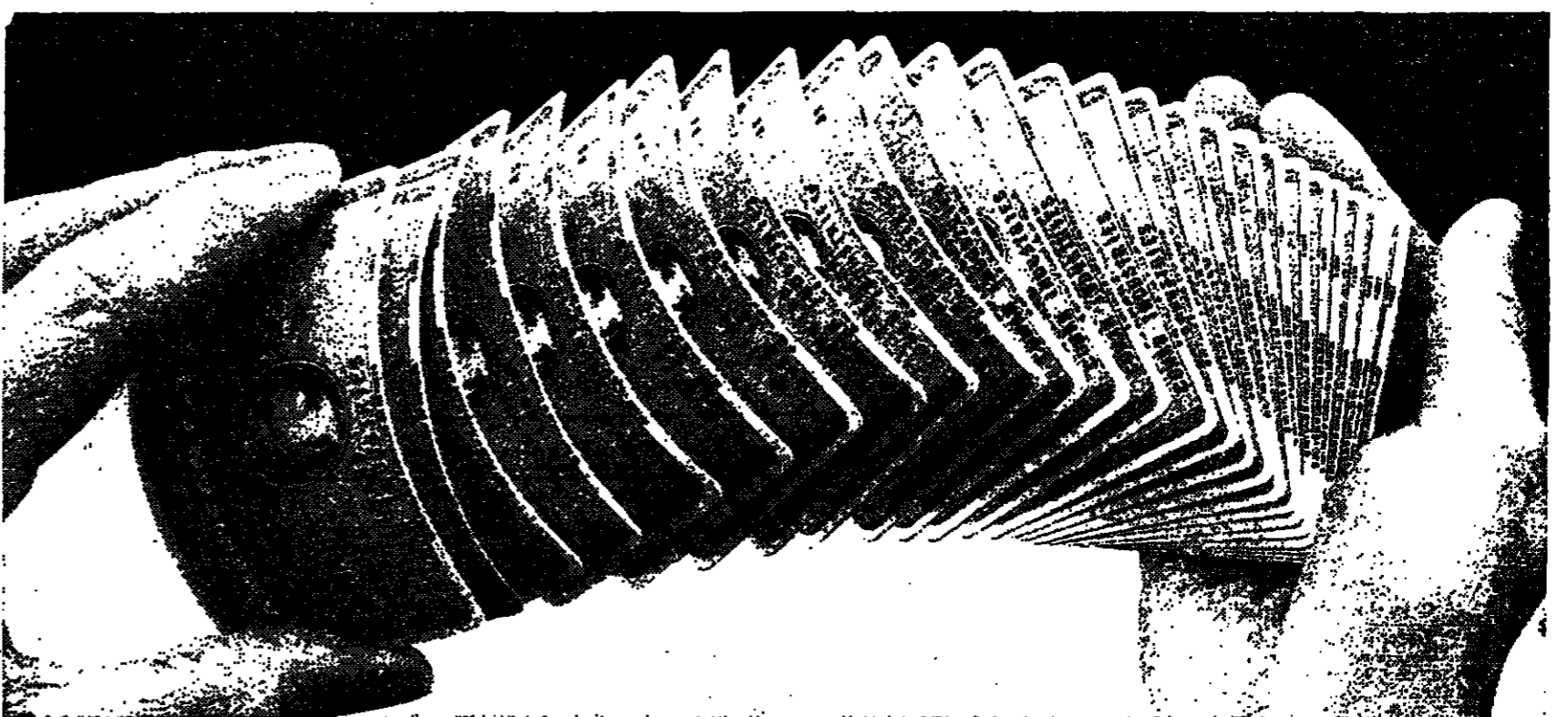
The growth in building society branches is, however, slowing. Last year's rise of 192 compares with over 500 in 1980.

Workforce cut at STC factory

BY JASON CRISP

STANDARD Telephones and Cables (STC) is to cut 450 jobs at its Brighton factory, where it employs just over 900 people.

The company told the workforce yesterday that demand for the products made at Brighton would be insufficient next year to maintain employment levels. The main product made at Brighton is a telephone, which is sold by British Telecom and by STC.



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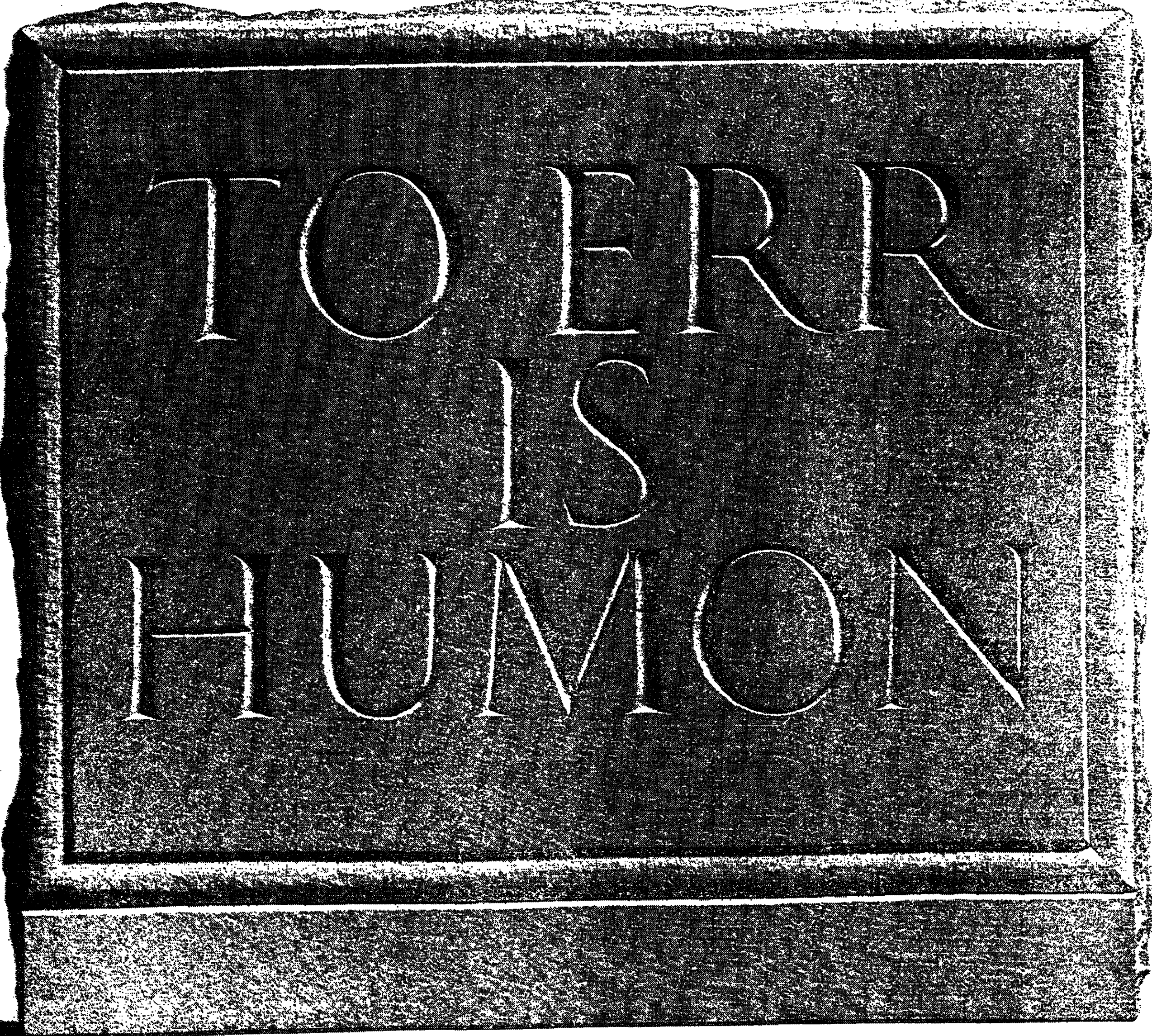
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RECOVERY AND BRUTALITY

A tale of two Ugandas

By Michael Holman, recently in Kampala

U.S. goals in Lebanon

THE UNITED STATES, after bitter experience, has come to appreciate this year one the basic realities about politics in Lebanon.

Two objectives

Whatever suspicions the U.S. Administration may have on possible Syrian involvement in the embassy attack they have not been voiced publicly.

Both are very much in the U.S. interest. A stronger, more confident central government in Beirut must be the best hope of restoring the rule of law to the capital.

should at the weekend have been urging the U.S. to act as a bridge to Syria over withdrawal plans.

Such exhortations will bear little fruit if Israel is unwilling to countenance paying at least part of the price which Syria is certain to demand for its co-operation.

He is unlikely to prove any more co-operative this time without an agreement by Israel to move its artillery from the Bekaa Valley.

There is no doubt that Mr Shimon Peres, Israel's Prime Minister, wants to get out of Lebanon as fast and with as good grace as is possible.

AT THE Igara tea factory, set in the rolling green hills of Western Uganda's Bushenyi district, workers describe the ways in which life has been getting better.

Some 200 miles to the north east, at Busunju transit camp in the notorious "Luwero triangle," a 14-year-old youth describes how Government forces ransacked his village.

The danger for President Milton Obote, who won back office in December 1980 after nearly nine years of exile, is that the security problems which impede the country's economic recovery...

The roots of the security problem go back to the 1960s. President Obote, determined to strengthen central government authority, ended the powers of the five traditional kingdoms...

It was a programme which, drawn up in close consultation with the IMF and World Bank, has brought some remarkable results.



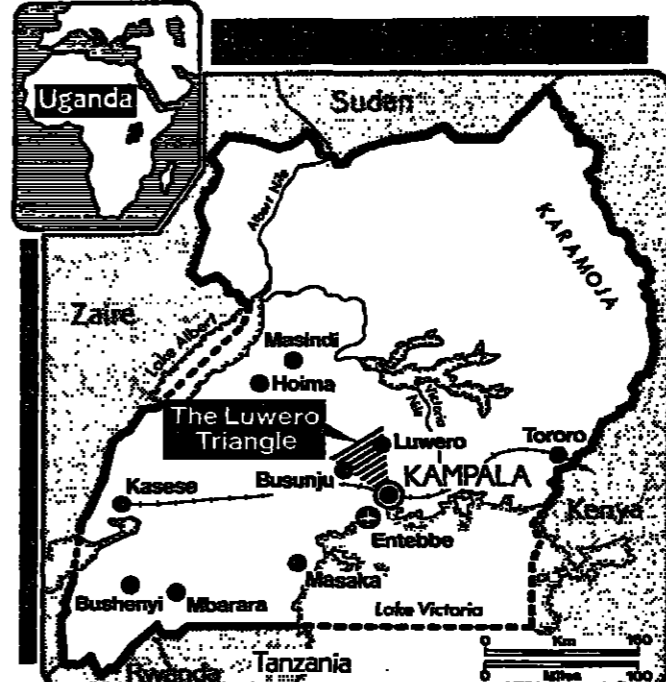
President Obote: a turn-around in the balance of payments but the road to recovery is long and painful

Uganda Peoples Congress (UPC) a majority. The combination of a dispersed local population and a disputed election result gave the guerrilla groups that sprang up both a potential source of support and—in their eyes—justification for a hit-and-run campaign.

There are, nevertheless, some serious weaknesses in the recovery. Industrial upturn is painfully slow—capacity utilisation is still barely one-fifth.

Although still below their pre-Amin peaks, output of tea, cotton and tobacco is rising. The country is self-sufficient in basic foods, although a major relief operation will be required in the drought-affected Karamoja.

There are now buses crammed with passengers and trucks piled high with matoke (a green banana which provides the country's staple food) plying the route between Kampala and Fort Portal.



Merion Sogder

Shops are stocked, private hotels and restaurants are opening up, people are on the streets into early evening, and gunfire is infrequent.

The war, however, is not far away. The first stretch of the road towards Hoima, one of the arms of the Luwero triangle, presents a typical African scene—smallholdings cultivated to the roadside, produce on sale under thatched stalls, and a constant to-ing and fro-ing.

Western governments face a dilemma: whether to continue their support, or suspend aid and risk economic disarray

7.3 per cent increase in real GDP last year (a real per capita growth of 4.3 per cent—though income is still barely two-thirds 1971 levels).

Yet evidence of the overall improvement in living standards can be found in the countryside. The stores and lean-to's that line the main street of Bushenyi, in Uganda's tea-growing region, not only sound a high target.

Indictment of the rating system

MR KENNETH BAKER is in for a shock as he settles himself into his new role as Minister of State for Local Government.

What to do? The commission is not required to suggest solutions so much as to identify faults, but it is disappointingly short of ideas.

What the commission fails to confront squarely, however, is the fact that the rating system is inadequate to support local government services.

It is high time, then, for the Government either to show why it thinks this would be even worse than the current system or to produce something better.

The commission has identified the three key defects. The uncertainties associated with the present arrangements for distributing block grant to local authorities are now leading to higher rates than necessary—£40m a year more than necessary; a potentially sound grant

distribution scheme is being weakened by superimposing expenditure targets and penalties and by the use of inadequate information; and the incentives necessary to encourage local authorities to operate more economically and efficiently are not in place.

Mr Baker's most obvious immediate task will be to bring a little sophistication and agility to the Government's defence of its hasty proposals to abolish the Greater London Council and metropolitan county councils.

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Old or new, its still a tangle

Oh what a tangled web we weave when we try to unravel the goings on at Nuovo Banco Ambrosiano.

The old Banco Ambrosiano, you will recall went bankrupt in 1982 following the discovery that there were loans of \$1.3bn extended by subsidiary banks in Latin America connected with the Vatican, that were difficult to recover.

The man who was asked to sort out the mess is Professor Giovanni Bozoli, a mild mannered 51-year-old, who looks younger than his years.

He said "never could a new bank have had so many creditors from the old bank coming from so many directions."

The old bank's debt problem was largely resolved last May when a payment from the Istituto per le Opere di Religione (IOR) finalised arrangements which meant two thirds of foreign creditor banks existing claims would be met.

This brings us on to the present where events hinge on the recovery of La Centrale, a subsidiary finance company controlled by the new bank.

It is high time, then, for the Government either to show why it thinks this would be even worse than the current system or to produce something better.

Men and Matters



"No, no I assure you, I thought parts of the Bishop's sermon were excellent, my Lord"

Hull away

The departure of John Hull, deputy chairman of Schroders, as a lay member of the Stock Exchange ruling council left rather mixed feelings among council members.

making the decisions, possibly had a commitment to change. So some council members were delighted when one of the keepers of the council's conscience found himself in precisely the same position.

He wrote a book about the Falklands, went freelance, and decided that being a journalist was not nearly as exciting as running your own show.

Then press secretary at the Japanese embassy in London suggested that he set up a diplomatic diary of forthcoming world events.

He has secured some financial backing—with great difficulty, he emphasises. At an annual subscription rate of £95 he will need to sell only 4,000 copies to break even, which does not

sound a high target. However, newsmen have a notorious reputation for reeling wildly between being gold-mines and expensive flops.

Arms is not calculating potential profits just yet. He is just sweating away to get his first edition ready.

Sino seal

Far be it for me to pour cold water on the prospects for the Sino-British joint declaration on Hong Kong's future, due to be initialled in Peking tomorrow, but if Hong Kong soothsayers have got it right, the two sides have picked an awful day to set a seal on their agreement.

It is considered a bad day for rejoicing and fortune tellers in Hong Kong say you should avoid arranging important events like weddings and the signing of contracts.

Of some comfort to Hong Kong investors though will be that Tung Sing says the second day of the ninth moon is a day when water will be plentiful.

Water signifies fortune to Hong Kong's business community, so one can only assume the stock market is going to be buoyant.

Advertisement for Brymon travel agency featuring flight routes like Heathrow to Plymouth and Gatwick to Birmingham, with a table of routes and prices.

SEARCH FOR BRITAIN'S MSC CHAIRMAN

Special talents and no illusions

By Alan Pike, Industrial Correspondent

JOB VACANCY: Chairman of the Manpower Services Commission. Applicants should have no illusions about the demands of the post.

That's the sort of advertisement Mr Tom King, Employment Secretary, might have placed to find a successor to Mr David Young, who has been given a peerage and appointed Minister Without Portfolio.

For Mr Young's successor will take office at a time when British industrial training and vocational education stand on the threshold of change.

An outline of Government policy for modernising training has evolved during Mr Young's 2½ years at the MSC. But it will fall to his successor to develop and deliver the goods.

Before making an appointment, Mr King will consult the employer, trade union, local authority and educational interests represented on the MSC. The scope of the commission's activities enables him to consider candidates from politics, industrial relations and education. But the strongest lobbying has been in favour of the post going to a prominent industrialist.

The MSC, with its 22,000 staff and £28m annual budget, is a complex creature. A range of sensitive internal issues face

Strongest lobbying in favour of a prominent industrialist

the incoming chairman and could justify the appointment of an experienced business manager.

Ministers are insisting that the commission's 87 Skillcentres, now showing a £24m deficit, must operate on a full cost recovery basis by 1986-87. In the past, they have largely provided speculative training for the unemployed. In future they will have to target their services at companies, offering new technology training at market prices.

The new chairman will also inherit a controversial plan, being resisted by Civil Service unions, to scale down many of the MSC's High Street Jobcentres at a saving of £12m a



Sir Terence Beckett (left): new chairman will need to understand the business community and have real enthusiasm

year—as well as a raging argument over the funding of work-related courses in local authority colleges.

"This job requires someone of very special talents and real enthusiasm," says Sir Terence Beckett, director-general of the Confederation of British Industry. "The chairman of the MSC needs to be someone who understands the business community, and someone who is capable of managing the financial resources of a large enterprise."

But the chairman has to do more than merely run the MSC. The main function of the new incumbent will be to take the role of evangelist in a crusade to reform industrial training and vocational education.

One of the new chairman's first and biggest responsibilities will be to translate into action the lessons of an Institute of Manpower Studies report which shows the UK's training effort lagging far behind those of West Germany, Japan and the U.S.

Research on companies said to have good training records has been commissioned by the MSC in an effort to encourage others. Ideas such as the inclusion of training conditions in public sector contracts are under discussion in Whitehall.

The new chairman will be expected to find ways of making private industry increase its spending on training. State spending, as the Institute of Manpower Studies report shows, compares favourably with the position in Japan, the U.S. and Germany.

Officials will tell the chairman that they believe the UK needs urgently to double the number of adult employees provided with in-service retraining to 5m a year. This would put UK industry in line with the German retraining rate, although still well behind the U.S. and Japan.

Novel ideas, like American-style training trusts negotiated between employers and unions, are under consideration to raise finance. But if all else fails, the new chairman will find some way to double the number of adult employees provided with in-service retraining to 5m a year. This would put UK industry in line with the German retraining rate, although still well behind the U.S. and Japan.

The recession has almost seen off apprentice training in the UK. Only about 40,000 apprentices were recruited in all sectors of industry this year. If the collapse of traditional apprenticeship leads to more open, flexible methods of training it could prove a blessing. The danger is that there could simply be a void, followed by further skill shortage problems.

The introduction of the Youth Training Scheme has given the UK the beginnings of a national programme for preparing young people for work. Recruitment in Year Two is running at double last year's rate. Already there are demands—both in House of Lords select committees and among others—for YTS to be extended into a two-year scheme.

But the new chairman will soon discover that discussion about the length of YTS is part of a bigger question. At what age should any young people start work? In Japan the average age is 20. Britain is unusual in having large numbers of young school leavers going straight from education to work, and the case for withdrawing all 17-year-olds from the labour market is going to be a growing preoccupation within the MSC.

The purpose of such a move—supported by the Institute of Manpower Studies report—would be to ensure that a majority of young people presented themselves to employers with worthwhile qualifications. In this case the MSC could find itself moving towards a fusion between YTS and its Technical Vocational Education Initiative, which is designed to provide the technical curriculum for 14 to 18-year-olds.

Raging argument over college course funding

the incoming chairman will inherit the philosophy of Mr Young and Ministers that the Government cannot create jobs, only the conditions in which jobs grow. This outlook has led to an increasing concentration on the MSC's training functions, to help ensure that individuals and industry are able to take advantage of opportunities.

But the long-term unemployed will still be a big problem. Another pressure on the new chairman will therefore be to ensure that the MSC's responsibilities in this area are not neglected amid the campaign to make those employees who do have jobs more aware of training.

THE RIO GRANDE stretches for a thousand miles along the U.S.-Mexico border. It is also the divide between a Third World country and the leader of the First World, a country where an illegal Mexican immigrant can earn as much in an hour as in a day back home.

Nowhere else does the lure of riches seem so simple to fulfil. Once the river was a truly grunge barrier, now in places it is only ankle-deep. If illegal immigrants want to keep their feet dry, they can pay an enterprising Mexican \$1 to be carried pickaback through the water, or they can just walk across a bridge when no border patrols are about.

The U.S. border agents are fighting a losing battle. Last year they apprehended more than 1m illegal aliens on the southern border, an increase of 2,800 per cent on the figure for 1983. Nobody knows how many more crossed unnoticed. "The simple truth is that we've lost control of our borders, and no nation can do that and survive," President Reagan said in June.

Few politicians genuinely think that the survival of the U.S. is at risk, but the influx of illegal immigrants has caused social and economic problems which Congress believes must be redressed.

On the one hand, the immigrants have been forced into an "under-class," speaking only Spanish and easily exploited because of their fear of deportation. On the other, labour leaders and some economists claim that the immigrants are taking Americans' jobs and driving wage levels down.

For some years, lawmakers have assumed that a combination of amnesty for those already in the U.S. and sanctions for employers who hire "illegals" would solve the problem. Others see it as more deep-rooted.

With 2,000 miles of Mexican border, which the U.S. either cannot or chooses not to police properly, almost anybody wants to enter illegally can do so. If they are caught, the penalties are slight or nonexistent, and they can always try again.

Until the tremendous disparity between the economies is narrowed, it is hardly surprising that they will want to seek their fortunes.

The border patrol realises what it is up against. "You can't afford logistically to try to prosecute these people for illegal entry—the judicial and detention systems could not handle it," says Larry Richardson, chief border patrol agent in El Paso, the second largest crossing-point. "All we do is send them back to 'Go' like a big monopoly game."

Much of the time, they do



Illegal immigrants to the U.S.

Battle of the Rio Grande

By Mary Ann Sieghart, recently in El Paso

not even have the resources to do that. When border patrol agent John Tiltz sees the illegal standing in groups on the U.S. side of the river, he knows it is not worth his while picking them up. He will merely waste his time filling in forms and sending the people back to the other side. An hour later, they will be back.

"It's no problem to catch aliens," he says. "They're all over the place. We know where they're going. It's just a matter of how many people we have working that day as to how many we catch."

Most days, the El Paso patrol picks up between 600 and 800 aliens. Mr Tiltz estimates this is about 20 per cent of those crossing each day. Mr Richardson puts it at nearer one in three. The total is difficult to calculate and is complicated by the fact that some get caught twice, or even three times, a day.

Nor does anyone know how many illegal immigrants are in the U.S.—like drug use and tax evasion, they are not easy to document. Estimates vary from 3m to 12m, with several more million coming in each year.

"The U.S. has the world's largest unregulated guest-worker programme," claims Mr Leonel Castillo, Commissioner of Immigration in the Carter Administration. "The actual policy of the U.S. Government is quite different from its stated policy, which is the strict control of the border and strict restriction of entry. The de facto policy is to keep the door half-open."

But with the advantage of cheap, willing labour comes the problem of unemployment. "There is the constant reality of injustice, of abuse, exploitation, and inhumanity," says Mr Castillo. "That should not exist in a democratic country. It's causing great pain to millions of people."

While some economists claim that the illegals take more out of the economy than they put in, others disagree. They say that illegal immigrants do jobs that Americans would not want, they pay their taxes without being able to claim the benefits, and they provide a labour pool from which U.S. industry can draw in times of expansion.

But if the U.S. does want to regain control of its borders, it has three choices: it could step up its border patrol by a factor of at least 10; it could try to

weaken the "push" factor by helping Latin American countries to develop their economies; or it could try to eliminate the "pull" factor—the lure of better-paid jobs.

The controversial Simpson-Mazzoli Immigration Bill (named after its House and Senate sponsors), which is before a Congressional committee, focuses on the last approach. It combines amnesty for illegal immigrants who have been in the U.S. for several years with sanctions on employers who knowingly hire aliens.

It scraped through the House by a margin of just five votes in June. Now the House and Senate versions must be reconciled and the compromise voted on again, all before the election of November 6.

Hispanic groups have bitterly attacked the employers' sanctions claiming that they will mean discrimination against U.S. citizens with Hispanic names. Employers, they suggest, will shy away from hiring Hispanics, in case they are illegal.

Apart from the problem of discrimination, there is the question of whether the border patrol is adamant that they will "With no employer sanctions, they'll continue coming in increasing numbers," claims Mr Richardson. "Other countries with population problems will continue to be beneficiaries of our inaction."

The sanctions can only be effective with reliable forms of identification. Under the provisions of the Simpson-Mazzoli Bill, employers would have to check two documents, a Social Security card, a birth certificate, or a passport. Having seen these, they would have acted in good faith and would not be liable for prosecution, even if the workers were illegal. However, a forged Social Security card can be bought for \$5 on the streets of El Paso and in many other border towns.

"You have got to start dealing realistically with Mexico," Mr Marc Campos, special adviser on immigration to Governor Mark White of Texas. "The way to do it is to develop their country. We have had that border for a long long time, but I do not think we have ever really tried to develop their economy. If it does not get better, you can talk about any kind of immigration bill you like and it would not make any difference."

"I am not saying Mexico is doing all it can. It's not. But at the same time, I do not think our country is doing what it has done for other countries. The way we are approaching it is making us the laughing stock of the world—by trying to cut the immigrants off. That should not be the American way."

Accountants' mergers

From Mr J. V. C. Butcher
Sir—The proposed merger of Price Waterhouse and Co and Deloitte Haskins and Sells raises important questions about the nature of the accountancy profession's service to the business community.

One of the basic ethical rules of the Institutes of Chartered Accountants is that a firm must be independent.

Were there to be a series of mergers among the very large accountancy firms, there could soon be only four or five of such enlarged super-firms sharing between them accountancy work for well over 90 per cent (by value) of the professional capitalisation of quoted companies and a similar percentage for other large undertakings.

This could make it significantly more difficult to find an independent firm to report in certain situations such as complex company mergers. It could also result in at least one of these enlarged super-firms having over 25 per cent of the professional accountancy market and therefore being in a monopoly situation; and, as with the Big Four banks, there would be an over-concentration of power in a few hands.

The Institutes of Chartered Accountants, the Monopolies and Mergers Commission and the Government all have a duty to ensure that the accountancy profession continues to serve the business community well, since it plays such a vital role.

Before any merger takes place there should be a proper public debate and enquiry as to its merits.
John V. C. Butcher,
7, Blenheim Close,
Wilmshurst, Cheshire.

National equity for everyone

From Mr H. Hodgkinson
Sir—In July 1984 you published a letter from me advocating a National Equity, to be initiated by the distribution of public sector assets.

Now that Dr David Owen has courageously put this item on the agenda of practical politics, may I be allowed to add a footnote to Samuel Brittan's lucid outline (September 20) of some of the implications involved? A unique opportunity would be lost if this were to be regarded merely as a cosmetic device to relieve current industrial troubles or, by encouraging a diluted producers' syndicalism in industry, to cushion the impact of unemployment.

The emerging problems for all industrial societies, as new technologies make "full employment" neither feasible nor desirable, is how to find an ideological underpinning and an administrative method of distributing a growing proportion of the national product

Letters to the Editor

U.S. and the Jewish lobby

From Mr W. El-Miqdadi
Sir—I was surprised to read Mr M. Moss's letter (September 18) in which he notes his disapproval of the Jewish lobby in the U.S. policy in the Middle East.

To illustrate his point he takes as an example the period of President Eisenhower's Government which receded in exception to the rule that, since President Truman until today, the policy of the U.S. Government has been directed and influenced by the Jewish lobby for the interest of Zionism worldwide.

I would like to recommend to Mr Moss the reading of Harry Truman's Memoirs, which make reference to the pressure to which he was submitted to enforce the 1947 United Nations resolution for the partition of Palestine.

W. El-Miqdadi,
23, Somerset Square, W1A.

Coventry's twin city in China

From the Town Clerk of Coventry
Sir—I read with interest your survey of Shandong Province (September 10) in which it was suggested that Shandong has so far had little contact with foreign countries other than Japan and West Germany.

Although this may be generally true, I think it might be worth while to draw your attention and that of your readers the fact that the capital city of Shandong, Jinan, is twinned with the City of Coventry. Although the twinning only took place in the autumn of 1983, there have already been exchanges of delegations including civic, commercial, technical and educational representatives.

Over the next nine months or so the technical delegations from Jinan will be visiting Coventry: one will be a specialist delegation on educational matters; one a delegation on environmental control and pollution matters; and the third concerned with telecommunications and computing.

If any of your readers representing companies concerned with these topics, whether they are actually located in Coventry or not, would like the opportunity to meet and discuss any of these matters with the

Significance of earnings per share

From Mr R. Burton
Sir—The usefulness of the earnings per share figure for comparison purposes, calculated after tax, has always been a subject of debate. It is subject to distortion by the use of past losses, timing differences and so on.

These distortions are now amplified by changes in the base rates of tax, reductions in initial capital allowances, cancellation of stock reliefs and the charging of deferred tax against current profits in some cases or below the line in others.

Is it not about time "earnings per share" was based on pre-tax profits to give a true comparison of year-by-year performance? Dividend cover can be worked out by the shareholders themselves.
S. W. Penwill,
London International Press Centre,
76 Shoe Lane ECL.

PR sloth at Telecom

From Mr R. Burton
Sir—I wonder why, at a time when it is almost impossible to ignore British Telecom advertisements detailing the marvels of modern technology such as fibre optics, it took five phone calls to get the British Telecom public relations department to arrange an interview in which a specialist on fibre optics at Marlsham was invited to discuss the subject for the benefit of a radio programme.

Perhaps I was dialling the wrong number!
R. Burton,
Anchor and Hope,
Suffring, Sarmundham,
Suffolk.

Life still begins at 40

From Miss Pamela Currin
Sir—Carla Rapoport's article "Suitors line up to woo the mature person" defines such a woman as being aged between 25 and 40.

Perhaps Miss Rapoport would care to provide a label for those of us over 40. "Young OAPs" or "golden oldies spring (or, I suppose in my case, stagger) to mind."
Come, come, Miss Rapoport—does life no longer begin at 40?
Pamela Currin,
25 Hereford Gardens,
Pinner, Middlesex.

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MOST OF UNION'S DEMANDS CONCEDED

Renault deal saves model launch

BY PAUL BETTIS IN PARIS

AN INDUSTRIAL dispute threatening to disrupt the launch of the new Renault 5 minicar was resolved yesterday after the French state-owned car group gave in to most of the labour union demands.

The decision by Renault to resolve the Le Mans dispute quickly by adopting a conciliatory approach appears to reflect the state group's intention of taking a softer attitude to the layoff issue in contrast to the hard line adopted by the private Peugeot group this year.

leave between December 21 and January 2, when the plant would be closed. The union also wanted management assurances that no compulsory redundancies would be made at Le Mans.

Renault is expected to announce in the next few days a firm agreement with International Harvester of the U.S. on rationalising their respective troubled farm machinery businesses in Europe.

St-Gobain buys 75% of British Steel pipe unit

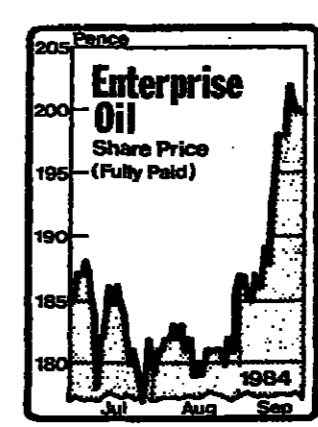
By Ian Rodger in London

SAINT-GOBAIN, the French state-owned building materials group, is to take a 75 per cent stake in British Steel Corporation's Stanton and Staveley iron water-pipe business for about £18m (\$23.8m).

THE LEX COLUMN

Clean sheet for Enterprise

Nothing in Enterprise Oil's short life has come anywhere near the excitement of its first few days in the private sector. Yesterday's first interim statement to shareholders, though, testifies eloquently to the comfort of its post-natal days as a debt-free producer of dollar-priced oil in the North Sea.



This week sees another successful buyout making its market debut. Stone International, the former electrical engineering division of Stone-Platt, will be capitalised at about £3m, which compares with the £13m for which it was bought off the receivers two years ago.

Banks 'must provide new Argentine loans'

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN WASHINGTON

ARGENTINA'S commercial bank lenders will have to commit themselves to providing fresh loans to the Government of President Raúl Alfonsín before the International Monetary Fund gives the go-ahead to an economic programme that would pave the way for a resolution of the country's \$44bn foreign debt question, senior bankers said in Washington yesterday.

CARACAS CREDITORS INSIST ON CHECKS

VENEZUELA'S creditor banks are to insist that the country adopt economic monitoring procedures with the International Monetary Fund as a condition for rescheduling \$20.75bn in debt maturing until the end of 1985.

staples would be left in the way of an IMF agreement, which "could come at any time," one banker said yesterday.

Bethlehem and Inland in steel link

By Terry Dodsworth in New York

BETHELEHEM Steel and Inland Steel of the U.S. are linking up in a \$60bn joint venture that will give them access to cold electroplating technology for sheet steel manufactured for the motor industry.

Dollar falls back as Bundesbank intervenes with renewed sales

Continued from Page 1

Frankfurt foreign exchange dealers said the West German intervention over the two days had been impeccably timed, and was perhaps the most effective ever undertaken by the central bank.

Against that, uncertainty over whether other central banks will also intervene might forestall any runaway surge in the dollar's value.

dollar at some time in the future and danger that higher interest rates in the U.S. might aggravate the debt situation and endanger European economic recoveries.

How Yang Beigui recycled rags to riches

Continued from Page 1

38, gave up his job as a factory worker earning yuan 40 a month two years ago to become his wife's assistant. "I am very pleased and proud of her success," Hu says.

rather go for bigger sales and lower profits. Yang and Hu have two children, a girl of 10 and a precocious son of seven. Hu's parents live in the house and his mother has taken over the household chores while Yang runs the business.

the time being is to go on making money. "It is good for the state and it is good for us," her husband said.

World Weather

Table with 4 columns: Location, Wind, Clouds, Rain. Locations include Alaska, Arctic, Australia, etc.

Reagan offer on space

Continued from Page 1

engage in dialogue, it is not at all sure how Mr Gromyko will react to proposals that have clearly been put forward to show Mr Reagan in the most peaceful possible light before November's U.S. elections.

InterCommodities

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday September 25 1984

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Problem loans 'cut real profits of main U.S. banks'

BY DAVID LASCELLES IN LONDON

THE BIG U.S. banks' true profits are much lower than reported because of their failure to give a realistic value to their considerable loan exposure to less developed countries (LDCs), according to Moody's, the New York credit rating agency. On the other hand, they are among the world's most strongly capitalized banks, and the U.S. Government would never allow one to fail.

Moody's, which has been more aggressive than Standard & Poor's in downgrading banks, says that 1983 bank earnings would have been from 26 per cent lower (for J.P. Morgan) to 60 per cent lower (for Manufacturers Hanover) if they had treated their problem loans as non-performing and recognised service payments only when they actually arrived.

The report predicts that Argentina, Brazil, Mexico and Venezuela will continue to have major repayment problems and will "result in real earnings burdens on the group (of banks) which will adversely affect their performance." In fact, the sign loan risks plus the fragility of domestic and international funding "may create a crisis for one or more U.S. banks."

Deregulation of U.S. financial markets will also expose banks to increased competition, which will hold down profits, though they should benefit from lower costs and higher income from fees.

ESTIMATED COMPARATIVE MEASUREMENTS FOR MAJOR BANKING SYSTEMS

	Adjusted return on assets (avg)	Adjusted equity/assets (avg)
Canada	0.32%	3.42%
UK	0.28%	2.25%
Japan	0.17%	3.65%
Germany	0.25%	3.65%
Switzerland	0.46%	6.59%
France	0.21%	1.29%
US	0.29%	3.70%

Moody's estimates. Adjustments made for conformity with U.S. accounting practices. Earnings adjusted to assume 6 per cent yield from Latin American loans unless adequate provision already made.

Changes at the top for embattled Disney

By William Hall in New York

MAJOR shareholders in Walt Disney Productions have installed a new management team in an effort to end uncertainty over the future direction and independence of the embattled entertainment group.

Mr Michael Eisner, aged 42, has been brought in as chairman and chief executive and Mr Frank Wells, 52, has been appointed president and chief operating officer. Both men are well known in the film industry.

Mr Eisner was president of Paramount Pictures, a division of Gulf and Western, and Mr Wells was a vice-chairman of Warner Brothers, part of the Warner Communications empire.

Mr Ron Miller was ousted as chief executive of Walt Disney Productions at the beginning of the month. The problem of choosing a new chief executive has been made more difficult by behind-the-scenes moves by several major investors who have built up sizeable stakes in the company.

According to Wall Street sources, Mr Eisner and Mr Wells were not the first choices of all the directors, but at the end of the day the wishes of several big investors prevailed. Mr Roy Watson, who has been chairman of Disney since May 1983, will be chairman of the executive committee.

Mr Watson said that the board's action was unanimous. He also said there had been "expressions of vocal support" for the new management team from key shareholders representing approximately a quarter of Disney's outstanding common stock.

They included Mr Roy E. Disney, Sharon Disney Lund, Mrs Lilian Disney and Mr Sid Bass.

WAL-MART PLANS TO ADD 105 OUTLETS THIS YEAR

Booming stores empire of an 'unknown' magnate

BY DAVID BLACKWELL IN NEW YORK

LAST WEEK'S revelation that Mr Sam Moore Walton is the second richest man in America may cut little ice with those expecting the annual Forbes magazine rankings to be dominated by names synonymous with wealth such as Getty, Rockefeller and Bunker Hunt.

Yet the news will come as little surprise to shareholders of Wal-Mart Stores, the Bentonville, Arkansas, discount store group founded by Mr Walton - and the cornerstone of his fortune.

Ten years ago Wal-Mart stores was a relatively small retailing group, with 104 outlets and profits of \$5.9m on sales of \$236.2m.

By the end of its fiscal year on January 31 this year its sales had reached \$4.66bn giving net profits of \$196.2m, or \$1.40 a share. Its rapid growth has made it second only to K mart in its field and Mr Jack Shewmaker, chief financial officer,

said in New York last month that he was sure the company could sustain record growth and record sales and earnings increases.

Business is booming. The company reported second-quarter sales up by 37 per cent to \$1.5bn, and first-half sales up 40 per cent to \$2.7bn. Net income for the quarter showed a rise of 42 per cent to \$56m, and soared by 49 per cent to \$102.6m for the half.

Wal-Mart still has a long way to go to catch K mart which operates 2,159 discount stores as well as other retail concerns in the U.S., Canada and Puerto Rico. K mart's first-half profits reported earlier this month were \$202.4m, or \$1.56 a share, on revenues of \$9.23bn.

Mr Walton, the chairman and chief executive officer, founded Wal-Mart in 1962 when he opened the first store in Rogers, Arkansas. In the first half of this year alone 37

Year	Sales (\$m)	Earnings (\$m)
1975	226	8
1976	340	11.1
1977	479	16
1978	678	21.2
1979	909	28.4
1980	1,268	41.2
1981	1,643	52.7
1982	2,445	82.1
1983	3,276	124.1
1984	4,667	196.2

stores were opened, boosting the total to 679.

Even so, Mr Shewmaker says the first-half expansion was disappointing for the company as a bad winter had delayed construction work at many sites. By the end of this year, said Mr David Glass, chief operating officer, 105 more stores should be operating than the company had at the end of 1983.

The company's policy has been to offer the most competitive prices of any retailer in its territory.

"There are two retail strategies," said Mr Glass. "On the one hand you can go for higher prices and a great deal of promotional activity. At the other end of the spectrum there are companies like ours which go for low prices and not very frequent promotional activity. We believe we can sell highly identifiable national brands at prices lower than our competitors and still be successful."

The company's expansion policy has been both careful and systematic. Even now it operates in only 19 states, covering an area including Florida and Texas to the south, Illinois and Indiana to the north, North and South Carolina to the east and New Mexico to the west.

A store in Virginia will open this year as the company expands around its perimeter, as Mr Shewmaker put it. But "we will expand where we are until we are satisfied with our saturation," he said. He believed the company could double in size in the states it is already in. Analysts share the group's rosy view of its future. "This is a very exciting story," said one. "They are even better than they say they are," said another. "There is a tremendous opportunity for expansion."

The company regards cost control as most important. Since 1975 every store has been equipped with a computer. Scanning of product codes is available in 100 stores and the company is committed to installing it in every outlet. Electronic ordering systems are also used.

Wal-Mart is not acquisition minded, but says that if the right situation came along it would look at it. Neither is it interested in diversification. It is interested only in the job it knows best. As Mr Glass put it: "There's too much opportunity in our existing business."

Fidelity settles for Caparo £14m offer

BY CHARLES BATCHELOR IN LONDON

CAPARO Industries, the UK engineering group controlled by Indian-born businessman Mr Swraj Paul, yesterday agreed with Fidelity on a £14.1m (\$17.6m) cash bid for the British consumer electronics group.

Caparo, which already owns 32.4 per cent of Fidelity's shares, persuaded the electronics group's board to accept by adding £800,000 to its original offer - made on September 4 - and by offering shareholders a loan note alternative to its cash bid.

Directors and other shareholders owning 19.5 per cent of Fidelity are backing the bid, to give Caparo control of 51.9 per cent of the shares, but these shareholders have reserved the right to accept a higher offer if one is made before the first closing date of the Caparo bid.

Caparo has engineering interests making products which range from hammers to forklift trucks and

dolls prams to heavy welded fabrications for the nuclear power industry. It made a pre-tax profit of £1.93m on sales of £82m in 1983.

Fidelity will take it into the high-technology electronics field. Fidelity makes televisions, cordless telephones, record players and tape recorders.

Wickes Companies, the U.S. building materials retailer, said a bankruptcy court in Los Angeles has approved a plan of reorganization to cover its emergence from provisions of Chapter 11 of the U.S. Bankruptcy Code. The plan provides for the settlement of the company's remaining \$1.3bn in Chapter 11-related debt.

Wickes, which filed for Chapter 11 protection in April 1982, said the reorganization plan provides for payments to creditors in cash, notes and stock.

Texas Oil set for 17% rise in income

TEXAS OIL & Gas, the diversified Dallas-based energy company, said that it expected to report a net income for its year ended August 31 of \$346m, or \$1.65 a share, up 17 per cent from the \$295.7m (\$1.41 a share) reported for fiscal 1983. Sales rose from \$1.8bn to \$2.1bn.

The company said per share figures were adjusted for a two-for-one stock split made in January this year.

Texas said it set its initial earnings goal for fiscal 1985 at a gain of about 15 per cent over 1984, but it warned: "We nevertheless must deal with many uncertainties."

The company said it set its fiscal 1985 capital expenditure budget at \$775m "in order to take advantage of the attractive opportunities that are available to the company."

The capital expenditure budget for 1984 was \$755m, up from \$662.3m in 1983. AP-DJ

Two Cleveland banks agree \$416m merger

BY OUR NEW YORK STAFF

SOCIETY Corporation and Centran Corporation, two medium-sized Cleveland bank holding companies, have agreed to merge in a \$416m deal which will create the second biggest banking group in Ohio.

At the end of June Society Corporation had total assets of \$5.7bn and net worth of \$337m; Centran had total assets of \$2.9bn, and net worth of \$124m.

Under the terms of the deal Centran shareholders will receive either \$36 in cash or 1.07 shares of Society common stock for each of their shares. Marine Midland, the big U.S. banking group which already has a stake in Centran, will get \$26m in cash and \$50m in non-voting adjustable rate preferred stock of Society Corporation. Marine Midland will also receive a 15 year warrant to purchase 10 per

cent of Society's common stock at an exercise price of \$40 per share.

General Mills, the big U.S. foods group, yesterday reported a further fall in net earnings in the first quarter ended August 26 from \$72.5m or \$1.52 a share to \$54.1m or \$1.20.

The 1983 quarter, however, included a \$21m gain from a redeployment programme, and on an operating basis per-share earnings rose from \$1.07 to \$1.21. Sales edged up from \$1.38bn to \$1.39bn.

The company cited strong demand for its toy products, and "renewed vitality" at its Red Lobster seafood restaurants. Special retailing results were lower than a year ago, while fashion sales were flat.

Net earnings for the year ended May were down 5 per cent to \$245.1m.

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In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date, 31st October, 1984, together with the interest accrued to that date.
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INTL. COMPANIES and FINANCE

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September 1984



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Alliance Oil rejects offer by Santos

By Our Financial Staff

THE BOARD of Alliance Oil Development, the Australian oil and gas group, yesterday rejected unanimously the takeover bid for the company launched last month by Santos, a fellow producer and partner in the Cooper Basin.

In its response to the Santos offer of 90 cents a share, AOD said a valuation by Schroder Darling, the merchant bank, had assessed the worth of its shares at A\$1.26 (US\$1.06) based on AOD's producing areas, exploration prospects, cash and other liquid assets.

Schroder Darling also argued that AOD shareholders ought to be able to count on a premium price for their shares in recognition of the gains from future oil and gas finds that they would have to forego by accepting the Santos offer.

Santos, which already held just under 30 per cent of AOD at the time it launched its bid, announced last Friday that it would not increase its offer from 90 cents. The offer valued AOD, including the stake Santos already holds, at A\$105m.

In the weeks preceding the Santos bid, intense interest in AOD shares lifted the price by about 50 per cent to the 90 cents level. Santos said last Friday it had been offered "significant parcels" of shares at up to A\$1, but would not increase its bid to pay more than 90 cents through the market. The offer is conditional on receiving acceptances of not less than 49.9 per cent of AOD's issued share capital.

Call for deeper probe into Bank Bumiputra loans

By WONG SILONG IN KUALA LUMPUR

TAN SRI AHMAD NOORDIN, the Malaysian Auditor General, yesterday called on the Government to set up a Royal Commission of Inquiry into the Hong Kong loan scandal of Bank Bumiputra.

Tan Sri Ahmad, who is currently heading a three-man investigation team into the affair, said it could not probe deeply enough into the matter because its powers were too restricted.

He also hit out at Bank Bumiputra for dragging its feet in taking action against those responsible for the problem loans, amounting to 2.3bn ringgit (nearly US\$1bn) when "distress signals" could be seen as early as 1982.

The loans were made to Hong Kong property speculators, principally the collapsed Carrion group, by Bumiputra Malaysian Finance.

Two days ago, the Government ordered Petronas, the national oil company, to inject US\$1.07bn into the bank as part of a financial rescue package. Of the problem loans 1bn ringgit had been written off and the rest transferred to Petronas.

Commenting on the transfer of the loans to Petronas, Tan Sri Ahmad said "It is still not too late to appoint a Royal Commission of Inquiry which has got all the necessary powers to establish whether or not a person or persons are criminally liable for giving out the loans."

The investigation committee was set up last January by Dr Mahathir Mohamad, the Prime Minister. It is responsible to Bank Bumiputra and is without legal immunity or powers to summon witnesses. As a result it has largely confined its investigation to the books and accounts of the bank and submitted an interim report to the government last month.

The government's refusal to order a Royal Commission of Inquiry has led to charges by opposition parties that it has been trying to cover up the loan scandal because senior government politicians were involved. The Prime Minister said earlier this year that a Royal Commission would breach banking secrecy laws.

First-half fall at Datuk Keramat

By OUR KUALA LUMPUR CORRESPONDENT

DATUK KERAMAT Holdings, the Malaysian tin smelting company, has reported a 33 per cent drop in pre-tax profits to 3.7m ringgit (US\$1.5m) for the six months to July, with turnover down 13 per cent to 207m ringgit. Net profits were 27 per cent lower at 2.4m ringgit and the interim dividend is reduced from 35 cents to 26 cents a share.

The company said the profit decline was due to the continuation of export controls, which reduced volume of tin concentrates smelted at the plant as well as the low price of tin.

It expects second-half results to improve, but full-year net profits would be less than the 7.5m ringgit of 1983-84. © Staff competition has reduced profit margins at Rasa Sayang Hotels, a luxury hotel group controlled by the Kuok family. Pre-tax earnings for the first half of 1984 fell by 15 per cent to 4.8m ringgit (US\$2m) on turnover little changed at 21m ringgit. After-tax profit fell by 20 per cent to 4.5m ringgit after the inclusion of investment income.

Rasa Sayang, which operates three beach hotels on Penang Island, said that, despite its stiff competition, its occupancy rate rose by 4 per cent, but room charges fell by 8 per cent.

It said it was embarking on a major marketing campaign, and expects the performance of the second half to be sustained when many of the island's hotels would be reporting sharp falls in room occupancy.

Tape maker seeks public listing

By CHRIS SHERWELL IN SINGAPORE

TONY WONG, one of Singapore's biggest manufacturers and exporters of blank cassette tapes, hopes to be the fourth company to go public in the island state this year.

The company, which has attracted "pioneer status" incentives from the government's Economic Development Board by automating its operations with robots, produces an estimated 2.5-3m cassette tapes a month.

News of the bid to go public is nevertheless surprising because the business is fundamentally unsophisticated and also controversial — Singapore is the world's largest producer and exporter of pirated cassette recordings.

Although there is no suggestion that Tony Wong supplies local pirates — the bulk of its output is actually exported to South-East Asia, the Middle East and, recently, China — it is part of an industry which has attracted considerable notoriety recently.

International recording companies — not to mention book publishers and the computer software industry — have tried endlessly to persuade the Singapore Government to frame and enforce an effective copyright protection law.

According to the International Federation of Phonogram and Videogram Producers, composers, artists, and companies in the U.S. alone lost close to US\$100m last year because of recording piracy. British and European performers also lost money. Tony Wong is understood to have a number of artists of its own on contract, whose work it produces. But the bulk of its business is manufacturing blank tapes, under its own name. Turnover and after-tax profits have both increased sharply over the past year.

Bond dealing licences for U.S. banks

TOKYO—The Japanese Ministry of Finance has notified three U.S. banks that they may be granted licences for dealing in Japanese government bonds.

Bank of America, Chase Manhattan Bank, and Citibank have been asked to submit official applications for final approvals and are expected to receive final approvals in the second or third week of October. They will be the first foreign banks operating in Japan to receive permission to deal in already circulated Japanese government and government-guaranteed bonds.

Other foreign banks, also interested in dealing in Japanese government bonds, will be following the lead set by the three U.S. banks. From October, Chemical Bank, Manufacturers Hanover Trust, National Westminster Bank, Banque de Indo-Suez, Morgan Guaranty Trust, and Bankers Trust Company will join the syndicate of underwriters of government bonds, the first step in the process of obtaining a licence for full dealing in Japanese bonds.

The new entries into the syndicate are not expected to be able to obtain licences for at least six months after joining the group of underwriters. AP-DJ

Bahrain OBU business down

By Mary Frings in Bahrain

BUSINESS IN Bahrain's offshore banking market during July fell to its lowest level since February, according to aggregate balance sheet figures of the 77 offshore banking units (OBUs) released by the Bahrain Monetary Agency (BMA) yesterday.

Total assets and liabilities amounted to U.S.\$60.8bn down from \$62.4bn for the previous month and compared with a monthly average of \$61.4bn for the first half of the year.

Financial Highlights

(in millions of Flux)	March 31, 1984	March 31, 1983	in %
Balance sheet total	185,050	164,433	+12.5
Loans	58,399	50,647	+15.3
Securities	13,705	10,804	+26.8
Customer deposits	100,977	93,778	+ 7.7
Bank deposits	60,493	50,410	+20.0
Capital, borrowed capital, reserves and provisions*	11,655	9,273	+25.7
Net profit	470	420	+11.9

*after distribution of profit

Kredietbank S.A. Luxembourgeoise, associated with Kredietbank N.V., has representative offices in Australia, Brazil, Hong Kong, Japan, Mexico, South Africa, Spain, the United Kingdom and Venezuela. Kredietbank S.A. Luxembourgeoise has two

subsidiaries: Kredietbank (Suisse) S.A. in Geneva and KB Luxembourg (Asia) Ltd. in Hong Kong. The annual report is available in English, French or German on request addressed directly to our principal office.

An itemized balance sheet and profit and loss account have been published in the "Memorial-Recueil Special des Societes et Associations" of the Grand Duchy of Luxembourg.



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Agent Bank Barclays Bank PLC Securities Services Department 54 Lombard Street London EC3P 3AH



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Merrill Lynch Capital Markets

22 September, 1984.



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By Morgan Guaranty Trust Company of New York, London Agent Bank

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.

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Bankers Trust Company, Singapore Agent Bank

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A.R.N. Bank	10 1/2%	Hill Samuel	10 1/2%
Allied Irish Bank	10 1/2%	C. Hoare & Co.	10 1/2%
Amro Bank	10 1/2%	Hongkong & Shanghai	10 1/2%
Henry Ansbacher	10 1/2%	Kingman Trust Ltd.	10 1/2%
Arco Trust Ltd.	11 1/2%	Knowles & Co. Ltd.	11 1/2%
Associates Cap. Corp.	10 1/2%	Lloyds Bank	10 1/2%
Banco de Bilbao	10 1/2%	Mallinhal Limited	10 1/2%
Bank Espanol	10 1/2%	Edward Manors & Co.	11 1/2%
BCCI	10 1/2%	Marghal and Sons Ltd.	10 1/2%
Bank of Ireland	10 1/2%	Midland Bank	10 1/2%
Bank of Cyprus	10 1/2%	Morgan Grenfell	10 1/2%
Bank of India	10 1/2%	National Bk. of Kuwait	10 1/2%
Bank of Scotland	10 1/2%	National Girobank	10 1/2%
Banque Belge Ltd.	10 1/2%	National Westminster	10 1/2%
Barclay's Bank	10 1/2%	Narwich Gen. Trst.	10 1/2%
Beneficial Trust Ltd.	11 1/2%	People's Trst. & Sav. Ltd.	12 1/2%
Brit. Bank of Mid. East	10 1/2%	R. Raphael & Sons	10 1/2%
Brown Shipley	10 1/2%	P. S. Reison & Co.	10 1/2%
CL Bank Nederland	10 1/2%	Roxburghs Guarantee	11 1/2%
Canada Perm't Trust	10 1/2%	Royal Bk. of Scotland	10 1/2%
Cayzer Ltd.	10 1/2%	Royal Trust Co. Canada	10 1/2%
Cedar Holdings	11 1/2%	J. Henry Schroder Wagg	10 1/2%
Charterhouse Japhet	10 1/2%	Standard Chartered	10 1/2%
Citibank NA	11 1/2%	Trade Dev. Bank	10 1/2%
Citibank Savings	11 1/2%	TCB	10 1/2%
Clydesdale Bank	10 1/2%	Trustee Savings Bank	10 1/2%
C. E. Coates & Co. Ltd.	11 1/2%	United Bank of Kuwait	10 1/2%
Comm. Bk. N. East	10 1/2%	United Mizrahi Bank	10 1/2%
Consolidated Credits	10 1/2%	Volksbank Limited	10 1/2%
Co-operative Bank	10 1/2%	Westpac Banking Corp.	10 1/2%
The Cyprus Popular Bk.	10 1/2%	Whiteaway Laidlaw	11 1/2%
Dunbar & Co. Ltd.	10 1/2%	Williams & Glyn's	10 1/2%
Duncan Lawrie	10 1/2%	Wintrest Secs. Ltd.	10 1/2%
E. I. Trust	11 1/2%	Yorkshire Bank	10 1/2%
Exeter Trust Ltd.	11 1/2%	Members of the Accepting Houses Committee	
First Nat. Fin. Corp.	13 1/2%	7-day deposits 7.25%, 1 month 8.0%, Fixed rate 12 months £2.00	
First Nat. Secs. Ltd.	12 1/2%	8.75% £10,000, 12 months 10.00%	
Robert Fleming & Co.	10 1/2%	12-month deposits on sums of under £10,000 7.25%, £10,000 up to £50,000 8%, £50,000 and over 8 1/2%	
Robert Fraser	11 1/2%	Call deposits £1,000 and over 7 1/2%	
Grindlays Bank	10 1/2%	21-day deposits over £1,000 8 1/2%	
Guinness Mahon	10 1/2%	Demand deposits 7 1/2%	
Hambros Bank	10 1/2%	Mortgage base rate	
Heritable & Gen. Trust	10 1/2%		

INTERNATIONAL COMPANIES and FINANCE

NYSE to expand options trading

BY OUR FINANCIAL STAFF

THE NEW YORK Stock Exchange plans to introduce trading in several new options contracts, including individual stocks, by the end of the year.

Mr Ivers Riley, the exchange's executive vice-president for options and index products, said that if the Securities and Exchange Commission approves its application as expected in October, the NYSE would be ready to begin individual stock options trading within a few months.

Mr Riley said the planned expansion reflects the success of options trading which began on a NYSE composite index-based contract last September. It now includes another contract based on the composite index and a more narrowly based telephone stocks index contract.

He said the NYSE would seek to trade stock options in new and recent additions to the Big Board, such as American International Group, and certain other "desirable listings".

Options analysts said top of the "desirable listings" would probably be the regional holding companies spun off from American Telephone & Telegraph (AT&T).

They added that Chrysler may become eligible for listing in the not too distant future.

Mr Riley said the National Association of Securities Dealers (NASD) had applied to start options trading in its own stocks. He added that the most likely outcome of any conflict between the NYSE and the NASD would be that both would be allowed to trade over-the-counter stock options.

Leifheit oversubscribed

BY JOHN DAVIES IN FRANKFURT

THE PUBLIC share issue in West Germany for Leifheit, the household appliance subsidiary being hived off by IIT of the U.S., has been oversubscribed.

Deutsche Bank, which headed the consortium of banks organising the issue, said that the offer was closed ahead of schedule yesterday, a day earlier than envisaged.

A total of 65 per cent of Leifheit's ordinary capital was offered at a price of DM 300 for each DM 50

share to raise DM 78m. The other 35 per cent is already being placed with institutions to raise DM 42m.

Leifheit, whose shares will be traded on the Frankfurt stock exchange from next week, earned DM 10.35m net profit on sales revenue of DM 97.17m last year.

IIT has indicated that it is floating off Leifheit to concentrate on high technology, and that the DM 120m raised will be used partly to reduce borrowings.

Flick drops plan to hive off special steels offshoot

BY JOHN DAVIES IN FRANKFURT

FLICK, the privately-owned West German industrial group, has decided against going ahead with a plan to hive off its special steels company, Edelstahlwerke Buderus.

Last July, it was announced that Flick would sell the steel unit to BHF-Bank, which planned to place some shares with investors and later arrange a stock market launch.

The bank now says that there has been a reassessment of the role of Edelstahlwerke Buderus in the Flick group and as a result the steel unit is to remain part of the Flick concern.

Flick has also engaged BHF-Bank to act as an adviser on the Flick group. The bank will look at a broad range of financial and strategic questions. The Flick concern, which

includes chemicals and armaments, reported sales revenue of DM 9.95bn (\$3.25bn) last year, with sales of Edelstahlwerke Buderus at DM 411m.

The group, headed by Dr Friedrich Karl Flick, has become involved in controversy in West Germany over tax allowances granted on gains made from the sale of a stake in Daimler-Benz in the 1970s.

There has also been speculation that Flick may want to reduce its industrial holdings, notably Krauss-Maffei, its defence subsidiary, which makes the Leopard tank, Messerschmitt-Boelkow-Blohm (MBB), the aerospace and defence concern, has expressed interest in arranging a takeover of Krauss-Maffei by a consortium of companies.

Montedison turnover up 19.4% at mid-term

By Alan Friedman in Milan

MONTEDISON, Italy's leading chemicals group, yesterday reported a 19.4 per cent rise in turnover during the first half of 1984, to L5,946bn (\$3.2bn).

But the company, while predicting it will achieve a break-even result for the whole of this year, refused to quantify its first half net losses. Last year Montedison incurred a L2,22bn loss on turnover of L10,660bn — a significant improvement on 1983 losses of L859bn.

At the operating level, Montedison's margin rose from 7.4 per cent of turnover in the first half of 1983 to 19.4 per cent. This translates into an operating profit of about L600bn.

Montedison group debt at the end of June was up above L400bn — an increase of about L100bn over six months. But the group says total borrowings will fall back below L4,000bn by the year end.

The cost of debt servicing represented around 6 per cent of total first half turnover, or about L357bn.

Sig Mario Schimberni, Montedison president, has in recent years been putting the group through a radical management reorganisation and selling off loss-makers. He has also worked to simplify the group's product lines.

In addition, Sig Schimberni has been working with financial advisers to reduce debt and to switch short-term debt to longer.

This year the prices of several Montedison chemicals products have also been increased, without having an adverse impact on orders.

Montedison spent about L282bn on capital investments (L223bn in the first half of 1983) and L190bn on research (up slightly on the L120bn spent in the first half of last year).

Credito Italiano, Italy's Milan-based fourth largest bank, increased net profits by 19 per cent in the first half of 1984, to L30.8bn (\$16.1m). The bank, which is the third of the IRI-controlled state banks to report first half results, said total deposits increased by 15.8 per cent during the 12-month period to June 30, to L30,576bn.

Alan Friedman examines the prospects for a gradual opening up of the Pesenti empire
Italmobiliare prepares to loosen the veils

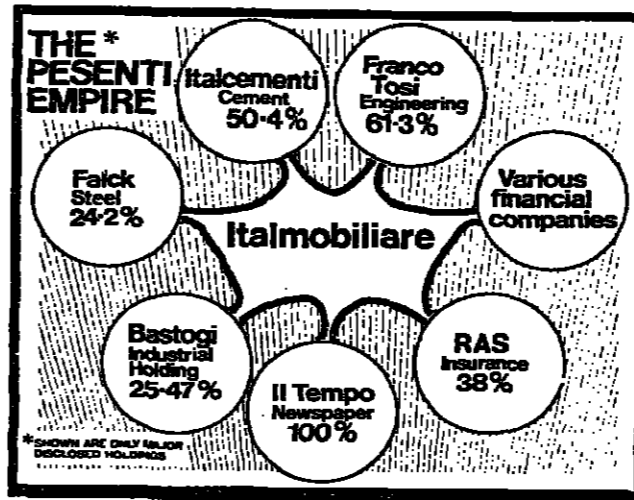
"CARLO PESENTI and his type have done more damage to the reputation of Italian industry than all of the left-wing critics of capitalism. Only when Italy's industrial leaders accept this reality will the image of Italian industry take a real step forward."

These are the harsh words used by Dr Eugenio Scalfari, the highly respected editor of Italy's *La Repubblica* newspaper, to describe the death on Friday of Sig Carlo Pesenti, the cement baron whose dealings with Banco Ambrosiano and others made him one of the legendary figures of Italian finance and industry.

Sig Pesenti, who was 77, died in a Montreal hospital just hours before he was due to stand trial in Milan on a charge of irregular share dealings in connection with Banco Ambrosiano, of which he was a director.

His death removes from the Italian industrial scene one of its most combative and powerful personalities. He leaves behind him an enormous empire of insurance, steel, press, engineering and financial operations centred on the Pesenti master company, Italmobiliare.

But it is an empire which is crippled by a weak capital base and an estimated L500bn to L800bn (\$422m) of debt.



Oddly enough the death of Sig Pesenti sent share prices of his company rocketing upward on the Milan Bourse on Friday and yesterday. The feeling is that some order might now be brought to the remains of the Pesenti empire, possibly through the sale of a major asset.

Carlo Pesenti was first and foremost a Roman Catholic financier of the old school. Born in Bergamo, in the foothills of the Alps, he made his way to the top through a series of carefully

nurtured political and religious associations in post-war Italy. His friendship with leading right-wing politicians may have helped him to profit from the booming construction industry — cement prices somehow managed to travel in his favour. His close ties to the Vatican, including numerous share dealings and overlapping directorships, could not have hurt either.

But the Pesenti philosophy was to expand constantly on the back of bank loans. If there was not enough bank finance

around he would buy banks. Indeed he became for a time Italy's largest owner of private banks, and in 1982 was the single largest shareholder of Banco Ambrosiano, the bank controlled by another Catholic financier, the late Sig Roberto Calvi.

Sig Pesenti's house of cards began to collapse during the last decade. This temporary control of the Lancia car company ended in humiliation when he was forced to turn Lancia over to the Agnelli of Fiat fame. A financial feud with Sig Michele Sindona, the convicted Sicilian financier, left Sig Pesenti bloodied.

Over the past five years Sig Pesenti, who had been living in seclusion in Monte Carlo, had to sell off four banks. The last to be sold was Banca Provinciale Lombarda, which went to Turin's San Paolo bank last month for L480bn. Now there are hopes in Milan financial circles that the Pesenti family will sell its stake in the Ras insurance group, Italy's second largest insurer.

Last month Sig Pesenti sold his *La Notte* newspaper to the Rusconi group for L6bn. But the patriarchal influence of Sig Pesenti was still strong enough for the *La Notte* editor to splash his front page on Friday with

"The tears in my eyes as I write."

Other interests which could be sold off included 61.3 per cent of the Franco Tosi electrical engineering group, 25.47 per cent of the Bastogi property and industrial holding group, and control of *Il Tempo*, the Roman daily, and of course the Italcementi cement business. All of these disclosed holdings, as well as others, form parts of Italmobiliare.

At the time of his death last week Sig Pesenti was not only due to face trial in Milan, but was also under separate investigation by magistrates in connection with a 1972 loan agreed by the Vatican's bank chairman, Archbishop Paul Marekhus.

The investigation of the 1972 Vatican loan will continue, however, at least for the Archbishop and two of his senior Vatican bank colleagues.

The ghost of the intensely secretive Carlo Pesenti therefore, seems destined like so many others of his ilk, to haunt Milanese financial circles and the broader consciousness of Italian industry.

Surge in orders brightens Sulzer Brothers outlook

BY JOHN WICKS IN ZURICH

SULZER BROTHERS, the Swiss engineering concern, expects "substantially better results" for 1984, according to Mr Pierre Borgeaud, managing chairman.

Last year, the group had shown consolidated losses of SwFr102m (\$40.8m) after corresponding 1982 profits of SwFr 30m.

New-order value in the Sulzer group as a whole was up 38 per cent in the first half over the corresponding 1983 period and that of the Swiss works alone by 44 per cent—well above the national average. This was, however, due partly to the booking of the large-scale Atatürk power-station order in Turkey and the comparatively low standard of orders received in the first six months of last year.

Despite the considerable improvement expected by Mr Borgeaud, it seems unlikely that Sulzer will return to the profits zone this year. In April, he had

told the annual press conference in Winterthur that the company would not be out of the red for 1984 as a whole, though added the management hoped for a "nearly balanced result".

Ems-Chemie Holding, the Swiss chemical group, reports parent company net profits of SwFr 21.3m (\$8.5m) for fiscal 1983-84 and is proposing a 5 per cent dividend, its first payout for two years. Profits for fiscal 1982-83 were only SwFr 4m, which arose from a property revaluation and not from real earnings.

The company said improved business in plastics and synthetic fibres more than compensated for a further, though smaller loss at Ems-Inventa of Zurich, the chemical engineering offshoot.

A further improvement in profitability is forecast for the current year.

French Esso returns to the black in first half year

BY PAUL BETTS IN PARIS

ESSO SAF, the French subsidiary of the Exxon oil group of the U.S., has registered a FFr 133m (\$14.1m) profit for the first half of this year, compared with a loss of FFr 307m in the corresponding period last year.

The return to the black reflects strong earnings from Esso's domestic oil exploration and production business which offset losses in the refining and marketing sector.

Refining and marketing net losses in the first half totalled FFr 292m compared with FFr 729m last year. This was offset by earnings of FFr 425m from exploration and production operations.

Esso, the largest oil producer in France, has recently started to cash in on its Chauney oil field discovery in the so-called Paris basin. But like other

French state bond raised to FFr 20bn

By Our Paris Staff

THE FRENCH Government has increased its third state bond offering of the year by FFr 5bn to FFr 20bn (\$2.13bn).

The third state bond issue was announced last week by M Pierre Borgeaud, the French Finance Minister. It involved initially a total of FFr 15bn to help finance the 1984 budget deficit now expected to total FFr 140bn compared with earlier estimates of about FFr 126bn.

The decision to increase the latest state bond offering, as with past issues, follows market demand.

The latest issue is split into two tranches — a FFr 4bn tranche involving an eight-year maturity with a 12.20 per cent coupon, and a second tranche involving a 12-year maturity with a coupon of 11.60 per cent.

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Companies and Markets

UK COMPANY NEWS

Enterprise makes £66m as activity increases

FIRST figures from Enterprise Oil, exploration and production group, since the offer for sale last June, reveal a pre-tax profit of £66m for the six months ended June 30 1984 from turnover of £111.7m. For the comparative eight months trading, to December 31 1983, the taxable surplus amounted to £52.5m and turnover reached £142.5m.

Directors have forecast a pre-tax figure of £113m for the whole of 1984 with a return of 7p per 25p share for shareholders. As announced last June, an interim distribution of 3p will be paid.

Mr William Bell, chairman, says the period was one of major change for the company during which most key staff appointments were made and Enterprise entered the private sector. It is now proceeding vigorously with its development as one of this country's major independent oil companies.

He points out that between the offer for sale and July 10 Enterprise acquired 29.9 per cent of the group's equity and announced that it did not intend

to increase the holding in the foreseeable future. Enterprise is having commercial discussions with a number of companies, including RTZ, to identify opportunities to be pursued in the interest of all of the group's shareholders.

The offer for sale, by Kleinwort Benson on behalf of the Secretary of State for Energy, was of 212m ordinary 25p shares at a minimum tender price of 185p, with a provision for persons applying for no more than 2,500 shares to apply at the striking price.

Applications were received for 140.37m shares, among which 7.9m tenders for 105m shares (49.83 per cent) from nominees of RTZ Corporation. The Government exercised its right of rejection in respect of 84m shares applied for on behalf of RTZ, leaving 56m shares available to no individual or company should hold more than 10 per cent of equity as a result of flotation.

Cost of sales took £47.5m for the six months, against £51m, leaving a gross profit of £64.2m



Mr William Bell (left) chairman, and Mr Graham Hearne, chief executive, of Enterprise Oil. Exploration may involve more substantial provision in second half

(£51.5m). The pre-tax figure was after exploration costs written off, £0.3m (nil), administrative and selling expenses, £1.3m (£0.9m), and included interest

through at £23.8m, compared with £30.8m. The interim dividend will absorb £9.4m. Earnings per share were 12.31p (14.53p) after six months and directors forecast a year end figure of 22.11p.

Turnover for the period benefited from the weakening of sterling as all the company's oil was sold to the British National Oil Corporation at term prices, based on a market of \$30 per barrel.

Despite substantial expenditure on the Hutton project, cash and short term investments rose by £21m to some £30m by end June.

As envisaged in June, exploration activity is now increasing rapidly, the chairman states, and may involve more substantial provision in the second half of the year depending on results of the drilling programme currently in progress.

The company's production ending in advance of £2 million producing fields—Beryl, Fulmar, North-west Hutton and Montrose—averaged 28,000 barrels per day

Link House nears £8m with growth all round

THE ELIMINATION of losses in its magazine and book operations together with a satisfactory improvement in advertising periodicals enabled Link House Publications to lift its pre-tax profits by £1.9m to £7.8m over the 12 months ended June 30, 1984.

And, wide earnings ahead from 25.79p to 35.26p per 20p share, the dividend for the year is being stepped up by 1.8p to 15.7p by an increased final of 10.7p (9.4p).

Turnover improved from £28.21m to £30.4m. Tax charge was £3.66m (£3.31m).

The results of the division are influenced by Exchange & Mart and during the period there was a depressed level but the division achieved a satisfactory increase in both turnover and profits in what was "a very challenging year."

Exchange & Mart's experience of a "modest" decline in advertising and circulation volumes but trading over the last quarter implies that this trend is being arrested and profits are showing encouraging signs "for the coming year."

Although the magazine division experienced a difficult year it managed to eliminate last year's losses and produce a small trading profit. Magazine copy sales generally remained at a depressed level but the majority of the division's titles improved their market share.

The books division made good progress and returned to profit after the losses of recent years. In North America, despite a small fall in volume sales, revenue increased significantly.

Following a major examination of links operating structure and systems, the group was reorganised during the year. The main effect was to decentralise many activities as practical to the operating divisions.

This reorganisation will be completed by the autumn of this year and the total one-off cost incurred in implementing the plan will be within the £0.5m previously indicated.

The medium-term strategy of the directors is to produce continued growth in the rationalised activities the group now has in each division. This will be allied to acquisitions both in the UK and the U.S. which either complement the current strengths or provide an attractive opportunity in a new area allied primarily to advertising, publishing or communications.

Hestair dives into losses but expects better second half

Hestair, the Windsor-based industrial group, has suffered a severe downturn in the six months to July 31 1984 resulting in a pre-tax loss for the period of £107,000, as against a £1.31m profit last time.

Mr David Hargreaves, the chairman, says the reasons for the setback are threefold. First, the continuing difficulties at Dennis, second, the higher than anticipated cost of reorganising Duplex Coachbuilders and third, the temporary disruption to output caused by Kiddicraft's move to larger premises near Bristol.

In the short-term, he is looking for a better second half. While, he says, the overall dividend level for the year must depend on the final figures and prospects for 1985, the interim dividend is being maintained at 1.5p net—last year's final was 2.075p on £2.63m profits.

Looking ahead, the group's problems are concentrated on Dennis and Duplex Coachbuilders, Mr Hargreaves states. All his other businesses are performing well and have positive growth plans. The reorganisation to which Hestair is committed aims at a sharp reduction in the levels and in the medium-term he is therefore, more than ever confident of success.

Turnover for the half year increased from £38.65m to £54.59m. The group has interests in special vehicles, farm equipment, educational supply, toys and employment bureaux.

Tax charge was £5,000 higher at £160,000 leaving a net deficit of £267,000 (£1.16m surplus). Loss per 25p share was 1.1p (6.1p) increased from £38.65m to £54.59m. The group has interests in special vehicles, farm equipment, educational supply, toys and employment bureaux.

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Wordplex on target with £0.8m

IN LINE with the forecast made last April at the time of the offer for sale, the results of Wordplex Information Services, office automation systems manufacturer, amounted to £310,000 for the first six months of 1984, compared with losses last time of £175,000.

Turnover at midway expanded by 45 per cent to £21.7m, against £15.1m, and included the results of an Australian subsidiary, acquired last December.

As indicated in the prospectus, there will be no interim

dividend, but in the absence of unforeseen circumstances a final of not less than 1.7p will be recommended for the year, the directors state.

After tax of £205,000 (nil) earnings were £305,000 (£175,000 loss) or 8p (2.5p loss) per 50p share.

In February, the group launched the 8000 multi-terminal office automation system, which has been well received in the market-place. It is anticipated that sales of the 8000 Series and associated terminals will grow

substantially to represent an increasing proportion of the company's turnover in the coming years.

While UK operations made the major contribution to earnings, a significant performance was achieved by the Australian subsidiary. The restructuring of operations in the U.S. continues.

The offer for sale by tender was of 9.96m shares at a minimum price of 240p. Striking price was 285p and applications were received for some 19m shares.

Travis & Arnold advances 14% to £4.6m midterm

FOLLOWING AN increase in taxable profits from £7.49m to £8.43m for the whole of the previous year, the pre-tax figures of Travis & Arnold, Northampton-based builders' and plumbers' merchant, timber importer, improved to £4.63m for the six months ending June 30, 1984, compared with £4.06m, a rise of 14 per cent.

In April, the directors said that sales for the first quarter of the year showed a reasonable improvement on the comparative period the year before, and prevailing conditions indicated a satisfactory performance would be achieved in the current year.

Mr E. R. A. Travis, chairman, now says the current national industrial relations problems and the increase in interest rates make it more difficult to forecast prospects for the second six months of 1984.

"Should these factors prove to be temporary then the underlying demand to build and improve homes should allow us to report a satisfactory performance for the year," he states.

Turnover in the first half expanded by £9.08m to £84.01m. The chairman points out that the volume of timber and building materials sold during the period was higher than a year earlier because of a temporary rise in demand in April and May as a result of the inclusion of VAT on home improvements since June 1.

Profits included investment income of £26,000, compared with £22,000 for the first half of 1984, but were subject to tax charges of £1.93m, against £1.5m.

Earnings per 25p share were 15.7p (13.2p) and the interim dividend is lifted to 1.95p (1.85p) net—last year's final payment was 5.145p.

The chairman points out that

at the end of June the company sold its leasing subsidiary which realised a profit of £512,000. This is shown as an extraordinary profit, after which attributable profits came through ahead by virtually £1m at £3.21m (£2.26m). After dividends the retained figure was £2.68m, against £1.96m.

Travis and Arnold failed to live up to the highest hopes of a market which was buoyed by expectations of greater gains from a steady increase in building materials in advance of the June imposition of VAT on home improvements. The company also suffered from a level of timber prices which has persisted for the past 18 months. Trading margins fell fractionally from 6.6 per cent to 6.5 per cent, enough to reduce the shares down 17p to 285p, where they are near the bottom end of this year's trading range. At this level, they are probably somewhat undervalued. Certainly, the company is exposed to the swings of the housing cycle, but its business is well spread between new build and repair and improvement work. It is strong in East Anglia where the population is growing, and it has the means—in the form of a mounting cash pile now up to £10m—to buy its way into new areas including London and the South East. There may be some truth in the argument that Travis passed up a good growth opportunity in deliberately rejecting expansion by building DIY superstores. But in return investors can feel confident that Travis, by relying on the 19m builder who typically buys supplies from the same store time and again, has a very solid customer base.

Mail Order

freemans

Interim Consolidated Financial Statement for 28 weeks ended 11th August, 1984

£000's	28 weeks ended 11th August 1984	28 weeks ended 13th August 1983
Turnover	176,774	162,523
VAT	20,528	18,737
	156,246	143,786
Trading Profit	9,883	5,719
Interest Payable	664	1,154
Profit before taxation	9,219	4,565
Taxation	4,149	2,330
Profit after taxation	5,070	2,235
Interim Dividend 2.0p per share	1,414	1.9p 1,342

RECOVERY SUSTAINED

- ★ **SALES UP 8.8% to £176.8m** — Sales since 11th August have continued to show a similar rate of increase. Stocks have been brought in earlier this autumn ready for the Christmas business.
- ★ **RECORD PRE-TAX PROFIT OF £9.2m** — The Company is now well aimed to beat the record £16.7m full year profit before tax set in 1978/79.

Freemans PLC 139 Clapham Road London SW9 0HR

Rationalisation starts to benefit George Spencer

George Spencer, maker of leisurewear and knitwear, has reduced pre-tax losses from £422,000 to £242,000 for the first half of 1984, and the directors envisage that the improved performance will continue during the second six months.

There is however, no interim dividend (0.1p net) and as already announced, the preference dividend due on September 19 has not been paid. Losses per 25p share are shown to have decreased from 7.1p to 4.1p.

The rationalisation measures instituted throughout the group at the beginning of the year are now starting to show positive results at the trading level, with some divisions trading profitably during June, the directors report. Progress has also been made in building up the forward order book which extends well into spring 1985, traditionally the more difficult half of the year.

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Superdrug

INTERIM STATEMENT 26 weeks to 25 August 1984 (unaudited)

	1984 26 weeks to 25 August 1984	1983 26 weeks to 27 August 1983
Turnover (ex VAT)	58,763	45,720
Trading profit	3,467	2,630
Net interest receivable	195	249
Net profit before tax	3,662	2,879
Taxation	916	1,190
Net profit after tax	2,746	1,689
Earnings per share	7.85p	4.83p
Dividend per share	1.7p	1.4p

- Sales increased by 28.5%.
- Trading profit increased by 31.8%.
- 15 new branches opened during period + 5 enlargements/replacements.
- 189 stores trading at end of period.
- Company expansion programme will be maintained for balance of the year.
- Work commenced on a second distribution depot to enable expansion to continue to 500 plus stores.
- Another record year anticipated.

Copies of the Interim Statement are available from the Secretary, Superdrug Stores PLC, Reddington Lane, Croydon, Surrey CR0 4TB

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In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 24th September, 1984 to 24th March, 1985 the Notes will carry an Interest Rate of 11 1/4% per annum and the Coupon Amount per U.S.\$10,000 will be U.S.\$697.19.

Merrill Lynch International Bank Limited Agent Bank

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N. H. WOOLLEY & CO. LTD. Agent

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Credit Suisse First Boston Limited Agent Bank

Banco Nacional do Desenvolvimento Economico U.S. \$50,000,000 Floating Rate Notes 1989

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 25th September, 1984 to 27th December, 1984 the Notes will carry an interest rate of 11 1/4% per annum. On 27th December, 1984 interest of U.S.\$30.52 will be due per U.S.\$10,000 Note and U.S.\$305.16 due per U.S.\$10,000 Note for Coupon No. 22.

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Credit Suisse First Boston Limited
Agent Bank



**Ente Nazionale per l'Energia Elettrica
(ENEL)**

(A public statutory body established under Italian law)

£100,000,000

Guaranteed Floating Rate Notes 1993

guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 21st September, 1984 to 21st December, 1984 has been fixed at 11 1/2% per annum. Coupon No. 4 will therefore be payable at £699.28 per coupon from 21st December, 1984.

S.G. Warburg & Co. Ltd.
Fiscal Agent

UK COMPANY NEWS

Superdrug sales continue to expand

WITH SALES up 28.5 per cent at £58.76m, pre-tax profits of retail drugstore operator, Superdrug Stores, increased by some 27 per cent from £2.85m to £3.66m in the half year to August 25 1984, and the company anticipates another record year. First-quarter taxable figures were ahead from £1.02m to £1.38m.

Sales since the end of August have continued to show increases on a similar scale to the earlier part of the year, and in view of the results for the first 26 weeks and the company's new store programme, the directors confidently anticipate another satisfactory outcome for the remainder of the year.

The net interim dividend has been lifted from 1.4p to 1.7p from stated earnings per 10p share of 7.85p (4.53p). Last year's total payment was 1.5p on £6.84m pre-tax profits.

Trading profits for the first 26 weeks rose by 33 per cent from

£2.63m to £3.47m, before net interest receivable of £195,000 (£249,000). After tax reduced from £1.19m to £916,000, the net balance came out at £2.75m (£1.69m), of which the interim dividend absorbs £295,000 (£294,000).

The company's main development programme continues to be the expansion of its retail chain and the first half saw 15 new branches open successfully and the enlargement and modernisation of five smaller stores completed. Superdrug anticipates that by the year end at least a further 22 branches will have opened bringing the total number of stores trading to 211.

The directors report that the past six months has seen a number of exciting projects started, the most important one being the construction of a new 200,000 sq ft distribution centre at Wakefield. Contractors were appointed early in May and the

development is due for completion by autumn 1985.

The development is within a Government Enterprise Zone and as a result the total capital investment in the buildings will be eligible for tax relief in full in the year of expenditure. The company will also be allowed a rate-free period up to 1994 which will greatly assist in the running costs of the new facility.

The new office extension at Beddington Lane, Croydon, will be completed by the latter part of this year, while the transport facility became operational early in August enabling the company to utilise its transport fleet more efficiently.

There will always be arguments about what price you can put on Superdrug's super growth. Fuelled by apparently groundless bid rumours the price has moved ahead in the last month from 280p to a new high of 330p

development is due for completion by autumn 1985.

At this level, the shares change hands on a prospective multiple of about 18, assuming profits of £8.5m pre-tax for the year and a 25 per cent tax charge. There is nothing in the trading performance to cast doubt on this fancy rating—not only are new stores opening at a relentless pace but existing ones are notching up further sales gains. There are still vast areas of the country in the North and West and in Scotland untouched by Superdrug. With every step forward, the company is taking market share from the independent High Street chemists, and to a lesser extent, from groups like Boots, who have as yet shown little sign of checking Superdrug's advance. The group is also squeezing more from its sales by increasing the proportion of own-brand goods, carrying higher margins. The high rating then seems fully justified.

Pantherella order book well ahead

PRE-TAX profits of USM quoted Pantherella, a men's sock manufacturer, improved from £219,000 to £232,000 in the first half of 1984, on turnover ahead at £1.6m, against £1.47m.

The directors expected improved results in the current year and there are encouraging indications for continued growth next year.

A greater proportion of deliveries takes place in the second half. Thus profits for the second six months are always greater than for the first and the directors say 1984 will be no exception. For the whole of 1983, the company made £608,000 pre-tax.

The factory is working at full pressure so as to meet the demands of an order book for both home and export deliveries, which is well ahead of last year.

As forecast at the time of the company's USM placing, the interim dividend is 1.3p net per 25p share—a final of 2p has also been projected.

Tax charges for the half year were slightly lower at £97,000 (£100,000) and after an extraordinary credit of £5,000 this time, the net surplus was £11,000 higher at £140,000. Stated earnings per 25p share rose by 0.4p to 3.4p.

The extraordinary item comprised a £87,000 write back from deferred tax—a result of Corporation tax changes introduced in the 1984 Finance Act—less USM placing costs of £62,000.

By USM standards, the up-market sock might seem a limited, even stagnant product. But any company which saw pre-tax margins of 13 per cent in the 1981 trough of the textile cycle has certain advantages, not least the ability to carry on spending on new machinery, product design and high-level salesmanship. Pantherella's debut figures show modest enough growth, but besides the seasonal weighing in to the second half, the company's practice of invoicing in sterling means that dollar strength will take time to show through in profits.

There are tentative plans for expansion through acquisition, but there seems to be growth available to the purveying of hose to the entry in the meantime. With full year profits heading for maybe £700,000, the shares—unchanged at 104½—are on a prospective multiple of just over 10. This may seem cheap by USM standards; more fundamentally, it is reassuringly in line with the nearest main market equivalent, Dawson International.

Turnover of this Birmingham-based engineering group improved by 21 per cent from £11.56m to £14.05m. Tax was considerably higher at £903,000. Mr John Wardle, the chairman, says that traditionally the second half is better than the first, and it would only be due to international or national crises totally beyond the group's control if it did not see a continuation of this pattern in 1984.

He adds: "It would be unrealistic—either for the second

Planet falls to £508,000 as Luxembourg losses take toll

HEAVY LOSSES at its Luxembourg subsidiary meant a sharp decline in pre-tax profits of Planet Group from £1.29m to £232,000 for the first half of 1984. The interim dividend however, is maintained at 1p net per 10p share.

The directors say the result for the second half and the dividend level for the year as a whole will depend on the continued good performance of the U.S. and UK activities, but most particularly on the outcome of actions to eliminate losses in Luxembourg.

Half-year turnover of the group, which makes windows and doors for railway coaches, motor vehicles, caravans, and the building industry, improved from £30.54m to £21.96m.

Referring to the losses made by Planet SA in Luxembourg, the directors say the hoped for improvement in the European caravan industry did not take place and the number of caravans produced has again fallen heavily

this year causing further company failures.

A major retrenchment and reorganisation programme was initiated in the spring when it became clear that sales forecasts for this year had to be revised downwards. The costs of this programme amounted to £281,000 and are shown separately as an exceptional item.

The market continues to contract and the company recently negotiated a further major labour and cost reduction programme with the Luxembourg authorities.

Group operating profits dropped from £1.45m to £1.02m. Of these, £200,000 (£170,000) were made in the UK and £1.11m (£1.31m) in the U.S., while Europe—excluding UK—incur £283,000 losses (£147,000 profits).

Tax took £605,000 (£739,000) and losses per share were 1p (5.1p earnings). Extraordinary charges decreased from £100,000 to £76,000.

Planet seems to be backfiring on all cylinders. A 40 per cent sales increase in the U.S. was turned into a 16 per cent profit decline by swinging aluminium prices rises. Meanwhile, the growth of package holidays appears to have sent the European caravan market into long-term decline, leaving the Luxembourg factory expensively burdened with surplus capacity. The UK operations sidestepped that problem two years ago by diversifying into the building industry, but even so their profits advance was entirely due to loss reduction and elimination at Percy Lane and Hardall. With 67 per cent of its turnover derived from the ailing caravan industry, everything depends on Planet's plans to aim for more resilient markets—and more immediately on Price Waterhouse's ability to moderate the group's 119 per cent tax charge. The shares slipped 7p to 53p.

Metalrax soars to peak £1.3m

THE momentum seen throughout Metalrax Group during the second half of 1983 continued strongly into 1984 and pre-tax profits soared by 80 per cent from £723,000 to a record £1.3m in the six months to June 30.

The interim dividend is effectively raised from 0.61p to 0.67p net—last year's adjusted total was 2.09p from pre-tax profits of £2.04m. Earnings per 5p share rose from 1.19p to 2.42p.

Turnover of this Birmingham-

based engineering group improved by 21 per cent from £11.56m to £14.05m. Tax was considerably higher at £903,000. Mr John Wardle, the chairman, says that traditionally the second half is better than the first, and it would only be due to international or national crises totally beyond the group's control if it did not see a continuation of this pattern in 1984.

He adds: "It would be unrealistic—either for the second

half or for the full year—to expect a similar percentage increase to that now announced, particularly as holidays... now affect production, not only in July and August, but also in September. Nevertheless, the year as a whole should be satisfactory—and record years are generally regarded as satisfactory."

Mr Wardle says the group's bank balance "continues in its customary good health."

This announcement appears as a matter of record only.

U.S. \$6,750,000

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Midland Bank Project Finance Limited

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The Royal Bank of Canada Group

August, 1984

Sanwa International Limited

Change of Telephone Numbers

Eurobond Sales and Trading Department

As from Monday 24th September, 1984 the telephone numbers of the Eurobond Sales and Trading Department has changed to:

01-621 1551

01-621 0888

The address, general telephone number, cable address and telex number remain unchanged.

Sanwa International Limited
P.O. Box 245, 1 Undershaft, London EC3A 8BR
Telephone: 01-623 7991
Cables: Sanwaintl London
Telex: 887132 Sanint G

Moss Bros. ahead

Despite starting quietly, Moss Bros improved its pre-tax profits from £225,000 to £271,000 in the six months to July 28, 1984. The directors say the improvement was largely attributable to the rationalisation which has taken place following the acquisition of Fairdale Textiles.

The directors say it is too early to forecast the outcome for the full year. In the meantime, the interim dividend is effectively raised from 1.28p to 1.54p net—last year a total of 3.991p adjusted was paid from pre-tax profits of £649,000 (£502,000).

Turnover of this retailer and hirer of clothing and ancillary goods was up from £7.32m to £8.64m, excluding VAT. Tax for the year was £130,000 against £117,000, and earnings per 20p share were up from an adjusted 3.37p to 4.86p.

LADBROKE INDEX

Based on FT Index
859-863 (-6)
Tel: 01-427 4411

UK COMPANY NEWS

Mills and Allen to seek quote for media interests

BY JOHN MOORE, CITY CORRESPONDENT

Mills and Allen International, the money broking and financial services group with extensive advertising and media services interests, is seeking an independent listing of the shares of its media operations.

The contribution to group profits from media activities is between £5m and £6m. In its last reported financial year for the year ended June 30 1983 Mills and Allen's pre-tax profits were £10m, compared with £12.6m.

MINING NEWS

ZCI reduces loss for year

BY GEORGE MILLING-STANLEY

A NET LOSS OF US\$1.09m (£880,000) is reported by Zambia Copper Investments for the year ended June 30 1983 compared with losses of US\$5m in the previous 12 months. No dividend is declared.

Five years ago, ZCI granted De Beers a fixed charge over all its assets as security for contingent liabilities undertaken by De Beers in respect of Botrest.

Beatson dives as output falls

LOWER OUTPUT of glass containers together with additional fuel charges of £100,000 arising from the coal industry dispute sliced £20,000 from Beatson Clark's interim profits.

stanzas in the glass business, the directors are maintaining the interim dividend at 3.3p net per 25p share.

Centennial to develop Montana gold deposit

A FEASIBILITY STUDY prepared by Kiborn Engineering of British Columbia has confirmed estimates of the size and grade of the Montana Tunnels gold joint venture near Helena, Montana, and the partners have decided to bring the mine into production by the autumn of 1985.

gold grade of around 0.048 ounces (1.49 grammes) of gold per ton, similar to the nearby Golden Sunlight property which is being operated successfully by Placer Development, and the secret of the deposit's potential lies in the very large reserve tonnage of over 50m tonnes.

Full listing for Stone Intl.

Stone International, an electrical engineering company that was part of the Stone Plant group that went into receivership in 1982, is coming to the market this week for a full listing valued at around £38m.

Astbury ahead at six months

On turnover up from \$6.21m to £7.45m, pre-tax profits at Astbury & Madley (Holdings) increased from £830,000 to £703,000 in the six months to June 30 1984.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

27/28 Lovat Lane London EC3R 3EB Telephone 01-621 1212

Over-the-Counter Market

Table with columns: High/Low, Company, Price Change, Div. Yield, P/E, Fully Paid. Lists various companies like 182-64, 182-65, etc.

COMPANY NEWS IN BRIEF

Highest pre-tax profits of £57,000 against £47,000 have been produced by House Investments for the year to March 24 1984. Gross rents receivable grew from £20,000 to £26,000 in the year.

Lower operating costs coupled with a significant contribution from international trade at Alexander Duckham & Co for the year to March 31 1984, the first half of 1984, profits before tax rose from £575,000 to £940,000, while turnover was down from £15.4m to £13.4m.

New Hand-delivery same-day service expands in Denmark

If your home or office is within our new expanded hand-delivery area in Denmark, you can now receive your personal copy of the FINANCIAL TIMES the same day it is published - five days a week.

Carton Industries, a subsidiary of Hawker Siddeley, raised pre-tax profits from £4.6m to £5.8m in the six months to June 30 1984.

Further progress was anticipated in the current year at Hillards, supermarket operator, since it looked to the annual meeting. The new large store in Rotherham had met an enthusiastic response, he reported.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange and is not an invitation to subscribe for or to purchase any of the share capital or warrants of the Company.

DOMINION INTERNATIONAL GROUP plc

(Registered in England No. 1625168)

Table with columns: Authorised £, Share capital, Ordinary Shares of 20p each, 11% Per Cent Cumulative Convertible Preference Shares of £1 each, Special Deferred Shares of 20p each, 1986 Cumulative Convertible High Income Shares of 20p each, Total share capital, Warrants to subscribe for Ordinary Shares.

The Council of The Stock Exchange has admitted to the Official List a maximum of 14,463,515 Ordinary Shares, a maximum of 1,774,917 Convertible Shares and the 4,170,320 Subscription Warrants to subscribe for Ordinary Shares in the Company at 150p in each of the years 1985 to 1988.

Dealing in the Ordinary Shares and in the Convertible Shares, issued to shareholders in Anglo-International Investment Trust plc, and not sold pursuant to the Cash Alternative, are expected to commence today.

Particulars of the Company, the Convertible Shares and the Subscription Warrants are available in the statistical services of Exel Statistical Service Limited and copies of such particulars may be obtained during business hours on any weekday (Saturday and public holidays excepted) up to and including 8th October, 1984 from:

Samuel Montagu & Co. Limited 114 Old Broad Street, London EC2P 2HY.

Laing & Cruickshank 7 Copthall Avenue, London EC2R 7BE. Panmure Gordon & Co. 9 Moorfields Highwalk, London EC2Y 9DS.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN SUMITOMO ELECTRIC INDUSTRIES, LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN FUJITEC CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN MINEBEA CO., LTD.

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date September 30, 1984.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN NIPPON SHINPAN CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN TSUMURA JUNTENDO, INC.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN SHARP CORPORATION

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date September 30, 1984.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN MURATA MANUFACTURING CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN AJINOMOTO CO., INC.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1984, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRs) IN YAMAICHI SECURITIES CO., LTD.

NOTICE IS HEREBY GIVEN that subject to shareholders' approval a cash dividend will be paid to shareholders of record date September 30, 1984, and pending payment, the shareholders' register will be closed for the period October 1 - 31, 1984 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

CITY OF COPENHAGEN US\$15,000,000 6% 20 YEAR EXTERNAL LOAN OF 1985

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for the 16th November 1984 has been effected by the drawdown of the under-mentioned amount of US\$15,000,000 (nominal) on the 16th September 1984.

The drawdowns may be presented to Hambros Bank Limited, 41 Broad Street, London EC2P 2AA or at the other Paying Agents named on the bonds.

Table with columns: Bonds of US\$1,000,000, listing serial numbers and amounts.

The following bonds from previous drawings are still outstanding for payment:

Table with columns: BONDS DRAWN 16th NOVEMBER 1983, listing serial numbers and amounts.

BONDS DRAWN 16th NOVEMBER 1982

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BONDS DRAWN 16th NOVEMBER 1981

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BONDS DRAWN 16th NOVEMBER 1980

Table with columns: BONDS DRAWN 16th NOVEMBER 1980, listing serial numbers and amounts.

BONDS DRAWN 16th NOVEMBER 1979

Table with columns: BONDS DRAWN 16th NOVEMBER 1979, listing serial numbers and amounts.

BONDS DRAWN 16th NOVEMBER 1978

Table with columns: BONDS DRAWN 16th NOVEMBER 1978, listing serial numbers and amounts.

HAMBROS BANK LIMITED 21st September, 1984

THE MANAGEMENT PAGE: Small Business

Finance for growth

Bypassing banking bias

BY IAN HAMILTON-FAZEY

IT WAS by accident that Mike Deegan and Ron Hill discovered one means of easing a small business's growing pains—change your bank for each appreciable upward leap in size. Deegan, a 28-year-old with a commerce degree from Birmingham University, is managing director of the company that his chairman, Dr Hill (he has a PhD in textile chemistry), started in 1972.

The company, Ron Hill Sports, specialises in running gear and has shown spectacular growth since the British running boom was fuelled by the launch of the London marathon in 1981. Turnover this year is heading for £1.8m.

Yet the company has been operating with a National Westminster Bank overdraft limit of only £90,000—just over two and a half weeks' turnover. Deegan says: "I have suddenly woken up. I used to think that bank managers were benevolent people who knew much more than most of them actually do. Their image fooled me."

"If we were running at an £89,000 overdraft, everything was fine. If we went to £91,000 we'd get phone calls asking us what we were doing about this problem we'd got. When Ron was doing the television commentary on one of the big international marathons, the bank even questioned whether he

should be at his desk in the office instead of 'trying to become a personality'."

The company had its bank account at the NatWest branch in the Manchester suburb that had handled Hill's personal finances since he was an employee of Courtaulds. When Hill had started designing and race-testing shorts and vests for long-distance runners, and selling them by mail order from home, he had done what most people do when starting a business—opened a business account where he was already known.

This usually means the bank concerned has the account for life, since 75 per cent of customers never change their banks—which is contrary to what U.S. venture capital funds in particular always advise their clients.

Peter Shepherdson, new opportunities chief of Pilkington Brothers and a man close to job and small business creation schemes in St. Helens, says: "The reason for such advice is that banks will always tend to see you as you were, not as you are or are likely to become."

"The company that starts with £20,000 of turnover will usually continue to be seen as a £20,000 company, no matter how it grows. If it gets to, say, £300,000, or even just looks like getting there, it is good advice to change banks and be perceived as that big by the new bank manager."

Ron Hill's crunch with NatWest came when Deegan, tightening up operations in the company's burgeoning wholesaling business, worked out that if he could borrow another £100,000 at reasonable rates, he could take such advantage of discounts from suppliers for early payment, that the company would make significant extra profits.

He asked NatWest about it and met with wariness and an unhelpful attitude. It then became clear that the money would only be forthcoming if certain preferential calls on the business were negotiated to provide security.

Deegan might have advised Hill to accept the terms had he not accidentally tapped into his equivalent of the Old Boy network. Deegan is a top-class athlete in his own right and casually mentioned that he was trying to do to another runner, who happened to work for Standard Chartered.

It was only then that he realised that competitive forces might be as important in banking as in sportgear or the 5,000 metres. He did not even know how much over base NatWest was charging for the company's overdraft anyway; he and Hill thought that "the usual terms" were par for all small businesses.

When he asked and was told 4 per cent—a figure that has been unchanged since Hill opened the account—any sentiment that might have kept the business with NatWest evaporated with Hill's instantaneous anger.

Deegan demanded an immediate reduction to 3 per cent. The bank came back with 3.5 per cent.

Deegan sent copies of the company's accounts for the last two years to other banks and asked them to bid for the business. Standard Chartered has now come up with the most favourable terms—an overdraft facility based on 40 per cent of stock or 60 per cent of debtors and amounting to £250,000. The charge is to be 2 per cent over base.

NatWest was given the chance to respond. Its final offer was a £131,000 overdraft, a £34,000 loan account and other adjustments to make the total facility £200,000—at 2.5 per cent over base.

The account changes at the company's autumn year-end—to Standard Chartered, of course—and Ron Hill Sports will start the next cycle of its development.

This will see it formally diversify the business into two companies, Ron Hill Sports for wholesaling and Running

gear and while mail order order sales.

Most expansion is now expected from wholesaling running gear in Britain and, increasingly, throughout Europe. In 1984 this arm of the business has accounted for nearly £1.2m—two-thirds—of turnover, up from £850,000 last year and £500,000 in 1982. This reflects the way the retail market has adjusted to the running boom, with wholesaling expanding as shops in the High Street caught up with the trends and started stocking the

Wild for retailing and mail order sales.

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Ron Hill: realised that "competitive forces were as important in banking as in the 5,000 metres"

When sex discrimination suddenly means you

The HOW TO Of...

HIRING EMPLOYEES

ONE OF the many minefields that any expanding small business has to negotiate is the hiring of employees. Hiring has deep perils.

Take sex, for example; you can run a bastion of all-male chauvinism only while you remain a business titler. Similarly, you can only insist on women part-timers to turn out miniature thingsamajigs or serve in your thriving boutique provided there are no more than four of them.

But the moment you employ more than five people—and that includes part-timers—the Sex Discrimination Act 1:75 suddenly means you.

Going from four to six employees means that you have to take care not to treat one sex less favourably than another, not to discriminate between married and unmarried employees of the same sex and not to apply conditions to a job that cannot be met by anyone irrespective of sex or marital status.

You may open up other legal obligations too. Your four women part-timers have now come back if any or all of them become pregnant and you refuse to allow maternity leave or have them back afterwards. Take on just one more person of either sex, however, and the women will have the rights, not you.

So the first question to ask about hiring more people is: "will the benefits to the business outweigh the cost of any new legal obligations I may have to fulfil as an employer or the inconvenience of any extra managerial hassle?" It may well pay to borrow more money and deepen your technological base to increase output with the same workforce (you should consider that anyway) or persuade part-timers to work full-time instead.

There is no general rule about how size may exempt you from some employment law. The law is there to protect employees from draconian employers, however much you may feel that you need protection from a

grasping workforce. There is another critical "size threshold," however, which is crossed when your payroll reaches 21. For example, at 20 or fewer employees, only those who have worked for you for 104 weeks have legal protection against unfair dismissal. Cross the threshold and your firing ability will only remain unlimited for employees with less than a year's service.

Let's suppose now that you have decided to go ahead. What you now want to ensure is that you get the people you want. Who must you take on and who can you refuse?

If you have more than 20 employees you cannot refuse a suitably qualified disabled applicant if less than 2 per cent of your workforce is made up of disabled people already. Indeed, if you are over the "20" threshold and are not up to quota on disabled employees, you will have to get a six-monthly certificate allowing you to recruit able-bodied people instead.

Unlike the law on sex discrimination, that against racial bias allows no exceptions based on size of company. What is important here is that you now have to have procedures which generate records through which you can prove that you are giving racial minorities a chance.

This does not just mean that you must know the ethnic origin of your workforce but of job applicants as well. That means keeping records of who you reject and why, even if it costs you money to do so. This could be very important if you operate in or near, say, the centre of a large city with pockets of long-term unemployment among black people and someone challenges your recruitment record.

If you finally do decide to recruit more staff, documents will be needed. In most cases, only applicants will have to have a written contract but you must issue statements of the main terms of employment to all new employees within 13 weeks. These must cover date of employment, pay rates, frequency of pay days, hours of work, holiday, sickness and pension entitlements, notice periods, job title, disciplinary rules and grievance procedures.

This article was compiled with the help of "The Small Business Scheme manual," copyright: Collins & Grand Consultants Ltd., 1983.

I.H.F.

THE CO-OPERATIVE movement is alive and well and expanding rapidly.

That is the message of a directory just published by the Government-backed Co-operative Development Agency.

The directory shows that at June 1984, the UK had a total of 911 co-ops, with over 20,000 members and just under 9,000 full- and part-time employees. Two years previously the number was just over half at 498, while the June 1980, total was 306.

However, the real growth between 1982 and 1984 was probably even greater than the figures suggest because—while some adjustments in previous years have been made—the basis of inclusion in the directory has changed. In 1980 and 1982 those co-operatives engaged substantially in more than one trade were included within each appropriate sector while in 1984 each co-op is listed only once.

Surge in growth of co-operatives

The service sector, covering such activities as building, printing, hire transport and record, film and music making, embraced the greatest number of co-ops—445 in all, with 7,870 members. But the single biggest category was restaurants and food (included in the retail sector) where there were 1,833 members in 93 co-ops.

The smallest number of co-ops was to be found in fishing and agriculture—just seven: three in Wales and four in Scotland. Transport also lies at the bottom of the league table, with eight co-ops broken down between London (two), West Midlands (two), Yorkshire and Humberside (two) and the North having one in each area.

Manufacturing (activities like crafts, arts, carpentry, engineer-

ing and electronics, chemicals and general manufacturing and footwear, clothing and textiles) showed sharp growth between 1980 and 1984, with numbers up from 64 to 113. But a modest 13.3 per cent growth to 128 occurred in the following two years.

The biggest geographical concentration of co-ops was in London—270, or 29 per cent of the total—with services topping the list at 168 co-ops, way ahead of retail (39) and building and construction (29). The Yorkshire and Humberside region had 98 co-ops, again with services predominating (46). The North-West had 82 and the North 72. Regions with the smallest number of co-ops were East Anglia (19) and Northern Ireland (20).

The directory acknowledges

that one of the difficulties in preparing any directory of co-ops is that there is no legal definition for such an organisation. However, its own definition is that it is a business which broadly adheres to the following principles:

- 1—Membership is open and voluntary—without artificial restrictions and discrimination.
- 2—Control is democratic—each member has one vote irrespective of capital or labour input.
- 3—Labour hires capital; capital does not hire labour. Only a limited rate of interest is paid on share capital.
- 4—Any economic surplus belongs to the members. After providing for reserves for the development of the business the balance should be distributed to members in an equitable way.

5—The co-operative is socially aware and responsible. It will endeavour to educate its members, and the general public, in co-operative principles.

6—All co-operatives, in the best interest of their members and their communities, co-operate in practical ways with other co-operatives.

In an accompanying article with the directory, Roger Sawtell, who has 15 years' experience as a founder member and manager in two co-operatives, discusses the rapid development of co-ops, their need for better access to loan capital and the problems of structure.

Sawtell believes there are too many co-ops being established using company law rather than co-operative law—that is the In-



At last: a scheme that's designed specially to help small businesses bridge the company pension gap.

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Independent Swedish company seeking finance on a shareholding basis to the amount of SEK 14 million for investment in a Hotel and recreation site near Gothenburg on the Swedish West Coast. The Hotel will mainly cater for Business Conferences and Professional Seminars. Total capital involved, SEK 70 million. For prospectus and further details, please write to: Skensjöholm Res. & Hotel AB, P.O.B. 5133, S-402 23 Gothenburg - Sweden

Businesses for Sale

Textile Machinery Manufacturer Sutton-in-Ashfield

This business is offered for sale as a going concern. It specialises in the manufacture of knitting machinery and components.

Operating assets include plant and machinery and stock with a total book value of approximately £2 million.

- * turnover £4 million
- * 170 employees
- * freehold premises

Textile Machinery Manufacturer Hawick, Scotland

This business is offered for sale as a going concern.

- * turnover £700,000
- * 30 employees
- * freehold premises

Metal Finishers Loughborough

This business is offered for sale as a going concern.

- * turnover £100,000
- * 6 employees
- * leasehold premises

For further information please contact the Joint Receivers:

Alastair Jones
Peat, Marwick, Mitchell & Co
45 Church Street
Birmingham B3 2DL
Telephone: 021 233 1666
Telex: 337774



FOR SALE

CIVIL ENGINEERING CONTRACTING BUSINESS
Thames Valley/Western Corridor

- * Turnover £2,500,000 with good profits forecast
- * Modern Freehold Property
- * Excellent well maintained Plant and Equipment
- * Located in growth area
- * Specialising in roads, sewers and groundworks
- * First class client list
- * Well established with good reputation
- * Skilled workforce

For further details contact:
C. J. C. Derry
Business Brokerage Division
Brownlow House, 50/51 High Holborn
London WC1V 6EG
Tel: 01-409 5411 Telex: 697377

JOINERY BUSINESS

Freehold premises
near Colchester

Turnover approximately £300,000 pa

For further details contact:
S. J. L. Adamson, C.A.
Arthur Young McClelland Moores & Co.
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 3NH
Telephone: 01-931 7130 ext. 4151
Arthur Young McClelland Moores & Co.
A Member of Arthur Young International

B.P.V.C. FACTORY

Well equipped uPVC window factory with modern machinery and small experienced staff. Well established order book. £60,000 plus stock at valuation
Write Box G1012, Financial Times
10 Cannon Street, EC4P 4BY

CORNISH SUPER MARKET

Established as family business in 1922, this successful store has current turnover of £250,000 (net £190,000). Raising owner seeks £90,000 FREEHOLD SAV
Principals only
Write Box G1004, Financial Times
10 Cannon Street, EC4P 4BY

Management Courses



A one-day seminar

November 8th, 1984 Fee £175 (no vat)

MANAGING CORPORATE TURNAROUNDS

For: Senior Executives involved in Turnaround Situations; Bankers; Investors and the Professional Advisers.

Many previously successful businesses are now in a financial crisis. The outlook for the UK economy is not encouraging. The objective of this seminar is to explore what management actions are necessary in a crisis situation for survival and long term recovery.

Main topics will include: Causes and symptoms of corporate decline; Managerial behaviour in crisis situations; Triggering change; Generic recovery strategies; Formulating recovery strategies; Implementing recovery strategies.

The seminar will be led by Dr. Stuart Slatter, who has significant experience as a turnaround manager, management teacher and researcher.

To book a place, please contact:
Miss Sue Coan, London Business School,
Sussex Place, Regent's Park, London NW1 4SA
Telephone: 01-262 5040

FOR SALE Leisure Product Company

The company is engaged in the manufacture and distribution of leisure clothing and equipment.

Turnover is around £2m with excellent margins and a good growth record.

Enquiries from principals only to
Box G10099, Financial Times
10 Cannon Street, London EC4P 4BY

FOR SALE as a going concern

Superb 70ft Charter Yacht with established Caribbean and Mediterranean markets. Earnings potential US\$200,000 pa. Fully equipped and currently chartering in Mediterranean.

Price: US\$325,000
For details write Box G10101, Financial Times
10 Cannon Street, London EC4P 4BY

POLYURETHANE FOAM BUSINESS

Sales £300,000. Profit £33,000. Staff 14.
Rented 8,000 sq. ft. factory near London. 4 modern foam dispensers and all ancillaries. Ongoing contracts for rigid foam components. Parent company wishes to sell.

Write Box G10106, Financial Times,
10 Cannon Street, London EC4P 4BY

BEACH HOTEL, KENYA

Located on famous Diani Beach - the finest beach in the East African Coast.
A 300 bed hotel constructed in 1981 for up market tourism.

For sale as a going concern.
Contact: Chumga Limited, PO Box 4968
Nairobi, Kenya Telex: 22140

PROFITABLE MANUFACTURER & WHOLESALE OF SPORTS EQUIPMENT operating from freehold premises in the West Midlands. Turnover of company in the region of £2m pa. Existing management seeks to retire.

For further details please write to:
K. G. White, Thornton Works, Kennedy Tower
St Chads Queensway, Birmingham B4 6EL - Tel: 021-236 4821

Thornton Baker

FOR SALE

Hardware/Kitchen products company (based in the London area). Well established corporate identity. Exclusive products sell well through most supermarkets, large chains, departmental stores etc.

Ideal company for either expansion with existing company range or superb opportunity to gain immediate access to the High St. The company enjoys good gross margins and profitability.

Reply to strictest confidence to:
Chartered Accountants
David Jackson, Gillingham Crane
117 Kingston Road, Leatherhead
Surrey KT22 7SU

FOR SALE

SECTION ROLLING CO
Turnover £600,000 with benefit of well established specialist contracts. Will suit company with similar interests and excess capacity. Location: W. Midlands
Principals only write to:
Box G10097, Financial Times
10 Cannon Street, EC4P 4BY

SUPERIOR N.W. ALARM INSTALLATION CO.

Long established insurance company approved, good rental income plus maintenance, price £500k which includes recently erected security communications centre and office block. NO OFFERS
Principals only please write:
Box G10105, Financial Times
10 Cannon Street, EC4P 4BY

Ford Main Dealership

IN THE NORTH OF ENGLAND
650 New Car sales per year
Property could be leased or freehold to suit purchaser's requirements
Write Box G10104, Financial Times
10 Cannon Street, EC4P 4BY

RETAIL COMPUTER FRANCHISE

SALE OR INVESTMENT
Store in main SE Town
Current T/O £100,000 pm
I.B.M. Appliance, etc.
Reply Box G10103, Financial Times
10 Cannon Street, EC4P 4BY

UNIQUE OPPORTUNITY TO ACQUIRE OLD ESTABLISHED STRAND STAMP DEALERS & PUBLISHERS

RETAIL & MAIL ORDER
Further information:
CORNBOLD RIGBY & CO (REI HQ)
50 Welbeck St, London W1M 8EP

TIMBER MERCHANTS

YORKSHIRE TO £150,000
Further details from
Owners Agents:
PARTIDGE & CO.,
25 WOODCOCK WAY
BECKENHAM, KENT
TEL: 01-650 3314

MACHINE TOOL MANUFACTURER FOR SALE

This company manufactures section rolling and associated machines. has turnover in excess of £500,000 per annum, the substantial majority of which is for export. Location: West Midlands
Principals only write to:
Box G10096, Financial Times
10 Cannon Street, EC4P 4BY

TWO REST HOMES

In South London. Both well established, constantly operating at full capacity. One, with two private houses, requested for £5, the other with one private house registered for 35. Combined annual T/O is approx. £250,000. Price: £245,000 or would split. Details:
BARBRIDGE MOYSE & CO
Tel: Epsom (0283) 215524

SCOTLAND Business/Investment/Home For Sale

Owners going away, 3 flats/3 shops giving £240 monthly. Cottage/1000 sq. ft. house suitable for flats. £122,000 total or would sell individually. Call best-drafting agent.
TEL: HARVEY 04812 3888

SERVICE TO INDUSTRY COMPANY

Business - CERAMIC ENAMELLING and LACQUERING by production line.
Location - South-east.
Price - £65,000 plus value of freehold premium offered for new lease at £20,000 p.a.
Box G10113, Financial Times
10 Cannon Street, London EC4P 4BY

Leasing Company

RENT RECEIVABLE £.2M OVER 3 YEARS
Excellent covenants. Small number of leases. Year-end 30th November
Principals only please apply to:
Box G10098, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE Builders/Plumbers Merchants & Kitchen Fitters

110 £480,000. Excellent FREEHOLD. Opportunity to acquire communications company. Settlement: £100,000. Write Box G10095, Financial Times, 10 Cannon Street, London EC4P 4BY.

MIDLANDS COMPANY, engaged in processing and supply of lightweight aggregates for sale.

Production around £1,500,000 per annum. Other revenue around £750,000. Write Box G10094, Financial Times, 10 Cannon Street, London EC4P 4BY.

TIMESHARE DEVELOPMENT in Cornwall

The opportunity exists through receivership to acquire the 12 acre freehold site of a timeshare development near Newquay. The first phase of 13 units and the majority of amenity areas are completed and substantially let.

- The fully-furnished freehold is offered for sale and comprises:
- 13 completed cottages with unsold timeshare leases with sale value in excess of £300,000 lying mostly in the summer months.
- Amenity areas including indoor swimming pool, sports hall and club facilities.
- Freehold site of 1 acre with planning permission for 14 cottages.
- Remaining freehold site of some 10 acres offering scope for further development.

Enquiries to PRC Development PCA, Price Waterhouse
Clifton Heights, Triangle West, Bristol BS8 1EB
Telephone: (0272) 293701 Telex: 449634



International

NORTHWEST INSURANCE COMPANY FOR SALE

ADMITTED IN 17 STATES - (U.S.A.)
APPROXIMATELY \$20 MILLION IN ASSETS
APPROXIMATELY \$10 MILLION IN PREMIUM VOLUME
\$10 MILLION TAX LOSS CARRY FORWARD AVAILABLE
For information contact:
Robert W. Fenet, Esq., Chairman - Committee of Insurers & Agents
WOODLEY, BARNETT, COX, WILLIAMS, FENET & PALMER
Attorneys at Law
500 Kirby, Lake Charles, Louisiana, USA 70601
Telephone: 318 433 6328 - Telex: 502448 WOODSHIP LKC

SWISS FINANCE COMPANY

(Societe Financiere & Commerciale S.A.)
FOR SALE
Company incorporated 1969, without liabilities. Registered with the Federal Banking Commission of the Swiss National Bank.
Paid-Up Capital: SF 500,000 (all in cash)
Price: SF 200,000 above Paid-Up Capital
Write to Box 519-11252A, PUBLIGITATS, CH-1211, GENEVA 3

OVERSEAS BUSINESS DEVELOPMENT

A successful overseas projects company seeks to broaden, through acquisition or joint venture, its range of technical services for Middle East, Far East and African markets.

With an annual turnover of US\$15m, it would now like to hear from companies contemplating overseas expansion who have a proven record in the provision of technical services particularly in the engineering, hydrocarbon, water supply and agriculture related sectors.
Principals are invited to write, in strict confidence to the company's address:

ELIOT AND COMPANY
12 High Street, Epsom
Surrey TW20 9HD

SYDNEY AUSTRALIA Engineering, Sheet Metal Factory GOING CONCERN

Write Box G10107, Financial Times
10 Cannon Street, EC4P 4BY

PUBLISHING COMPANY IN GERMANY

Due to increasing commitments in USA and Japan controlling shareholder wishes to sell controlling interest in German publishing company (GmbH) involved in music/youth/leisure market. High quality unique product with losses around DM1,000,000.
For more details write in confidence to:
Box G10098, Financial Times
10 Cannon Street, EC4P 4BY

TOP MUSIC SHOP COSTA DEL SOL, SPAIN FOR SALE

Due to personal circumstances FANTASTIC SALES!
Best prospects as tourism goes all year round
Write Box G10103, Financial Times
10 Cannon Street, EC4P 4BY

INTERNATIONAL BUSINESSES FOR SALE APPEARS EVERY TUESDAY

Businesses Wanted

BUILDING/DEVELOPMENT COMPANY WANTED

Redrow are a rapidly expanding Group of Companies operating mainly in the private house building sector.
We urgently seek to acquire similar Companies preferably operating in Southern England, although other areas will be considered. We are particularly interested in Companies with land banks and currently building between 100 and 500 units per annum. Substantial funds are available.

All replies will be treated in the strictest confidence. Please reply to:-



Managing Director,
Redrow Group,
Rushmore House,
Ailmer,
Mold, Chwyd CH7 4HD

HOUSE BUILDING COMPANY WANTED

A leading residential development group with extensive cash resources is seeking a house building company currently producing in excess of 50 units per annum in the Essex or East London area. The group is looking to acquire a well established local operation ideally with a strong management team as a nucleus for expansion in the area. A reputation for quality and experience in traditional types of construction is preferable. However, companies with a reasonable land bank alone will also be considered.

Interested, please write to:
David Jenkins of Touche Ross & Co
RHI House, 1 Little New Street, London EC4A 3TR

BANK

Ample funds available to acquire a UK registered LICENSED DEPOSIT TAKER
Principals only
Write Box G10083, Financial Times
10 Cannon Street, London EC4P 4BY

Engineering Business Wanted

Privately owned Engineering Company located in the West Midlands wishes to acquire a similar business also located in the West Midlands. A company with existing tax losses would be acceptable. Turnover should be at least £1m pa.
All enquiries will be carefully considered
Write Box G10110, Financial Times
10 Cannon Street, London EC4P 4BY

INWARD TOUR OPERATOR/HANDLING AGENT

A public company with substantial financial resources is interested in acquiring a company in above sector
Replies treated in strictest confidence
Write Box G10112, Financial Times
10 Cannon Street, London EC4P 4BY

U.K. Company

has funds available to purchase companies involved in transport distribution, road haulage, plant hire. Please reply to investor.
All replies will be acknowledged
Write Box G9894, Financial Times
10 Cannon Street, EC4P 4BY

Young plc

Without a quota with substantial assets are looking for Leisure or orientated businesses either cash or shares for the right transaction.
Please apply:
The Chairman
COLUMBIA LEISURE plc
The Fort, Newhaven
East Sussex BN9 9DL

TRANSPORT HAULAGE/VEHICLE FLEETS required, with or without property. Competitively priced. Mr. Harrison, tel: 0344 678 1301 2426. Telex: 367257 Marston G.

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021-643 3941



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AVAILABLE TO MEMBERS OF BVRLA
FOR DETAILS CONTACT GERRARD RUDD
01-248 2102

Company Notices

COMPANIES (ACQUISITION OF SHARES) (VICTORIA) CODE NOTICE BY CASTLEMAINE TOOTHETS LIMITED PURSUANT TO SECTION 28(4)

Castlemaine Toothets Limited ("Castlemaine Toothets") hereby accedes pursuant to the provisions of section 28(4) of the Companies (Acquisition of Shares) (Victoria) Code in relation to the offers dated the 7th day of August 1984 to acquire all the issued shares of one dollar each in the capital of Nicholas Kiwi Limited that:

- Castlemaine Toothets has not declared the offers to be free from the conditions contained in clauses 8 and 10 of each of such offers;
- the offers have not become free from the condition contained in clause 9 of each of such offers by reason of the operation of sub-section 30(1) of the Companies (Acquisition of Shares) (Victoria) Code; and
- to the knowledge of Castlemaine Toothets the condition contained in clause 10(a) of each of such offers was at the time of lodging this notice to the knowledge of Castlemaine Toothets, Castlemaine Toothets is entitled at the time of lodging this notice for publication bears to the number of shares included in that class is 1.4 per cent.

The proportion that the number of shares in Nicholas Kiwi Limited included in the class of shares to which the offers related to which, to the knowledge of Castlemaine Toothets, Castlemaine Toothets is entitled at the time of lodging this notice for publication bears to the number of shares included in that class is 1.4 per cent.

Signed for and on behalf of CASTLEMAINE TOOTHETS LIMITED
J. Kepp, Secretary

Dated this twenty first day of September 1984

SOCIETE GENERALE \$ US 250 MILLIONS FRN 1994

For the six months sept. 17, 1984 to march 17, 1985 the interest rate has been fixed at 12 5/16% P.A.

The interest due on march 18, 1985 will be \$ US 622.47 and has been computed on the actual number of days elapsed (182) divided by 360.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE LUXEMBOURG BRANCH

HARRISONS MALAYSIAN PLANTATIONS BERHAD (Incorporated in Malaysia)

FINAL DIVIDEND FOR THE YEAR ENDED MARCH 31, 1984. Notice is hereby given that the annual general meeting of the shareholders of the above company will be held at the headquarters of the company, 211, Cecil Street, Singapore, on Friday, 21 September 1984, at 10.30 a.m. for the purpose of receiving the dividend and for such other business as may come before the meeting.

By Order of the Board
J. A. J. JAMES, Secretary

211 Cecil Street, Singapore
21st September 1984

WITWATERSDRIFT NIGEL LIMITED (Incorporated in South Africa)

Notice is hereby given that the annual general meeting of the shareholders of the above company will be held at the headquarters of the company, 211, Cecil Street, Singapore, on Friday, 21 September 1984, at 10.30 a.m. for the purpose of receiving the dividend and for such other business as may come before the meeting.

By Order of the Board
J. A. J. JAMES, Secretary

211 Cecil Street, Singapore
21st September 1984

Legal Notices

IN THE MATTER OF FINEMART LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1983

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 25th day of October, 1984, to send in their full and complete particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, at the address specified below, and if so required by notice in writing from the said Liquidator, are to attend before him at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated the 13th day of September, 1984.

PATRICK GRANVILLE WHITE, Liquidator.

TDK CORPORATION (CDs)

The undersigned announces that the assets of TDK CORPORATION will be available for sale to the highest bidder by public auction on Friday, 12 October 1984, at 11.00 a.m. at the premises of Messrs. Harcourt & Harcourt, 10, Abchurch Lane, London EC4N 3JF.

Amsterdam DEPOSITARY COMPANY N.V.
Amsterdam, 17, 1984.

PHAB PHYSICALLY HANDICAPPED AND ABLE BODIED



MAY WE TELL YOU SOMETHING ABOUT PHAB



It is bad enough being handicapped without being lonely as well. PHAB is a marvellous idea. It integrates the young and disabled with the young and able by means of plenty fun Social Clubs and holidays. So the fit learn to live with the disabled and the disabled learn to live with the fit.

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There are now over 450 PHAB Clubs in the UK. Funds permitting, each is equipped for a variety of hobbies and activities.

PLEASE HELP PHAB BY SENDING A DONATION OR COMPLETE THE APPLICATION FORM FOR FURTHER DETAILS OF PHAB

PHAB exists to further the integration of the physically handicapped into the community, by promoting opportunities for the physically handicapped and able bodied to come together on equal terms, the barriers of fear, ignorance and prejudice can be destroyed.

To: PHAB, Tavistock House North,
Tavistock Square, London WC1H 9JH

Name: _____
Address: _____
Postcode: _____

SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Tuesday September 25 1984

NEW YORK STOCK EXCHANGE 30-32 AMERICAN STOCK EXCHANGE 31-32 U.S. OVER-THE-COUNTER 32, 40 WORLD STOCK MARKETS 32 LONDON STOCK EXCHANGE 33-35 UNIT TRUSTS 36-37 COMMODITIES 38 CURRENCIES 39 INTERNATIONAL CAPITAL MARKETS 40

WALL STREET

Retreat by dollar adds uncertainty

SOME STRENGTH was displayed by blue-chip issues in an otherwise mixed performance on Wall Street stock markets yesterday, but prices of Treasury coupon issues continued on the downward path begun last Friday, writes Michael Morgan in New York. An advance in the Dow Jones industrial average was attributed to the higher prices registered by General Motors and Merck, but over the broader market declining issues outnumbered those to gain by a ratio of three to two. The Dow, which was almost eight points ahead at 1pm, later gave up some of the advance to close 3.32 higher at 1,265.06. Volume fell back to 78m shares, compared with the 122m seen last Friday. In the credit markets, prices of Treasury coupon issues which were sharply lower on Friday were again easier from the opening, on the back of a federal funds rate of 10 1/4 per cent. At that level, the Federal Reserve stepped in to add temporary liquidity with the announcement of a three-day system repurchase arrangement - the 15th time in 17 successive trading sessions that the Fed has added liquidity.

Treasury note prices were up to 1/2 lower while at the long end declines of up to 3/4 were seen. The key long bond, the 12 1/2 per cent of 2014, fell 3/4 to 101 1/2. At the short end, yields on Treasury bills were mixed. The three-month bill, yielding 10.32, was four basis points higher, while the six-month bill, at 10.36 per cent, was two basis points lower. Late in the day, the Treasury announced that at its regular weekly auction of \$13.2bn of bills, the yield on the three-month bill fell to 10.27 per cent from 10.33 per cent at last week's auction and the six-month bill, yielding 10.39 per cent, was one basis point lower on the week. Money market rates were mixed while corporate bond prices were marked down in light trading. In the stock markets, the motor manufacturers were uniformly higher as United Auto Workers officials expressed confidence that their members would accept the tentative new contract with General Motors. GM itself traded \$1 higher at \$77 1/4 despite its announcement that the acquisition of Electronic Data Systems will dilute its annual earnings by a higher than expected 99 cents a share for five years. Ford put on \$1 1/4 to \$46 1/4, and Chrysler was \$1/2 higher at \$30 1/4. Among blue chips, Merck added \$1 to \$83, IBM \$1/2 to \$124 1/4, General Electric \$1/2 to \$55 1/4 and Du Pont \$1/2 to \$49 1/4. Digital Equipment put on \$1 to \$99 1/4, and Texas Instruments \$1 to \$130 1/4. Actively traded issues included Federal Express, up \$1 to \$38 1/4, after a Morgan Stanley analyst put the stock on his focus list. Federal Express stock was

sharply lower last week after it reported first-quarter earnings sharply lower on 1983 levels. Other actives included Burlington Northern, \$1/2 easier at \$48 1/4, and Baxter Travenol, unchanged at \$14 1/4. Among the aerospace issues, General Dynamics fell \$2 to \$65 1/4, Lockheed \$1 1/2 to \$45 1/4 and McDonnell Douglas \$1/2 to \$67 1/4 after a Salomon Brothers analyst downgraded his rating on the issues. Walt Disney Productions dipped \$3 to \$60 1/4 as a new management team was installed in an effort to stem uncertainty over the future direction of the entertainments company. Among bank holding groups, Society Corp dipped \$1 to \$33 1/4, and Centran Corp added \$1/2 to \$31 1/4 after agreement in principle was reached for Society to acquire Centran. Avco, the financial services, aerospace, insurance and film industry group, dipped \$1/2 to \$33 1/4 as it announced higher third-quarter net earnings. LONDON Coal dispute blacks out rate signals CONCERN about the coal miners' strike took precedence over the brighter outlook for lower interest rates yesterday in London and led prices lower. The FT Industrial Ordinary index closed 8.0 down at 863.4 during dull trading which left small sellers in a dominant position over industrial and financial issues. Among banks Barclays lost 8p to 475p, and Lloyds the same amount to 465p. Disappointing results from offshore exploration in China pushed BP 7p lower to 510p. Government stocks closed higher, but the gains were largely a reflection of Friday's after-hours advance. UK fund managers failed to respond to the prospect of cheaper money, and turnover was moderate. Slightly lower U.S. bond prices, in a market awaiting news of more general prime lending rate cuts, caused some indecision in the late afternoon trade, but the gilt tone after hours was steady to firm. Chief price changes, Page 32; Details, Page 33, Share information service, Pages 34-35

EUROPE

Fluctuating currencies take toll

THE FRENZIED fluctuations in foreign exchange rates took their toll on Frankfurt stocks yesterday as investors became uncertain of the degree to which the dollar would fall amid strong Bundesbank intervention. For good measure professional traders continued to take profits, thereby increasing selling pressure and leaving the Commerzbank index 9.7 weaker at 1,048.5. Virtually every blue chip fell, with banks and car makers badly mauled. Commerzbank suffered most with a DM 7.30 fall to DM 163.50, while Bayerische Vereinsbank managed to hold its loss to DM 3 to DM 313. BMW had the dubious distinction of outpacing the rest of the motor sector with a DM 9.50 fall to DM 379 as Daimler turned DM 7.20 cheaper at DM 577. AEG, which achieved successive new 1984 highs last week, shed DM 2.30 to DM 113, while Siemens reversed DM 5.70 of last week's DM 17.50 advance to close at DM 421.80. Allianz was again volatile with one of the largest drops of the session - DM 37 to DM 990 - while stores group Herten was one of the few to rise, gaining 2p to DM 178. Bonds closed quietly firmer as the Bundesbank sold DM 12.2m of paper compared with Friday's sales of DM 4m. Banks displayed a measure of stability in an otherwise unsettled Amsterdam where attention was focused on currencies and Wall Street's subsequent reaction to the course of the dollar. The ABN-CBS index dropped 2.3 to 174.0. ABN added 50 cents to Fl 316.50 while Amro was steady at Fl 63. Publishers were weak, with VNU Fl 2.80 cheaper at Fl 173.50 and Océ van der Grinten Fl 2.50 off at Fl 252.50. Boskalis, which hit a Fl 52 high for the year some nine months ago, remained plagued by misfortune and shed a further Fl 1.70 to Fl 11.80. KLM oscillated during the session but finally finished with an 80-cent fall to Fl 186 after Friday's 5-for-1 share split.

A quieter bond market turned slightly lower. Hopes for a cut in official interest rates continued to support Brussels. Wagons Lits regained some of last week's losses with a BFr 40 advance to BFr 2,430 on a higher 1984 earnings forecast, while Gevaert secured a BFr 65 rise to BFr 3,700. Interest-rate sensitive utilities were mixed, with Intercom BFr 10 up at BFr 2,270. Market leader Petrofina slipped BFr 20 to BFr 7,660. Paris firmed slightly although a number of recently favoured issues encountered profit-taking such as Club Med, FFr 27 down at FFr 1,105, and Moët-Hennessy FFr 36 lower at FFr 1,891. BSN lost FFr 12 to FFr 2,600, while Carrefour slipped FFr 5 to FFr 1,815. Bonds were overshadowed by the one-third increase to FFr 20bn in the new state bond. Insurance and industrial shares led Milan selectively higher with particular attention paid to Pesenti-related issues, which generally held steady. Elsewhere, Fiat turned L8 lower to L1,880, and Montedison gained L20 to L1,800 ahead of stronger first-half results. Stockholm was led broadly lower by Skandia, SKr 35 down at SKr 270, following Friday's dismal profit forecast. Asea, at SKr 380, and Volvo, at SKr 228, each shed SKr 10, while Stora Kopparberg was unchanged at SKr 175 ahead of its bid for Billerud. Steady banks and weaker insurers were evident in an easier Zurich, while communications shares were buoyant in Madrid. TOKYO Bright light falls on vacant seat SECURITIES houses in Japan and abroad are eyeing a seat on the Tokyo stock exchange to be vacated next April on the scheduled merger of two securities firms and a securities investment trust sales company, parts of the large Yamaichi Securities group, writes Shigeo Nishiwaki of Jiji Press. U.S. and European securities firms as well as non-member Japanese securities companies have been eager to acquire seats on the exchange, but its constitution limits membership to 83. This has been a factor in the financial friction between Japan and the U.S. The external pressure eased temporarily last May when Mr Noboru Takeshita, the Japanese Finance Minister, made an encouraging response to a request for co-operation by Mr Donald Regan, the U.S. Treasury Secretary, in a report prepared by the working group on yen/dollar exchange rate issues. The report said: "The Minister of Finance has requested the Tokyo stock exchange to study ways of providing opportunities of membership to foreign and domestic non-member firms, including the revision of the existing system. In the meantime, the Ministry of Finance is prepared to assist non-Japanese securities firms in efforts to join the Tokyo stock exchange under the existing system. Japan's commitment is now to be put to the test following the September 6 announcement by Koyanagi Securities, Daifuku Securities and Yamaichi Securities Investment Trust Sales of their agreement to merge into a single unit next April. The decision rests with Yamaichi, one of the country's big four brokerage houses, and the Finance Minister has asked the company to bear in mind its wish for a wider membership. Mr Hisamitsu Uetani, Yamaichi's chairman, said: "Equal opportunity will be given to foreign and Japanese applicants." The company would select a buyer by the end of this year, he said. A surprising element is that - although Yamaichi seems to have seized the opportunity to demonstrate its positive stance toward the challenge of internationalisation - it has already received applications from several of the non-member securities firms in its group, but not a single approach from foreign securities houses. Merrill Lynch International Bank, which was the first foreign securities house to undertake securities business in Japan, has repeatedly pushed for access to membership. Bache Securities Japan is also eager to acquire a seat, but its Tokyo office manager is weighing profitability against the considerable expense involved. Many other foreign securities houses are said to be in a similar dilemma. Membership is said to cost Y1bn to Y1.1bn (\$4.1m to \$4.5m), compared with around \$350,000 for a New York stock exchange seat.

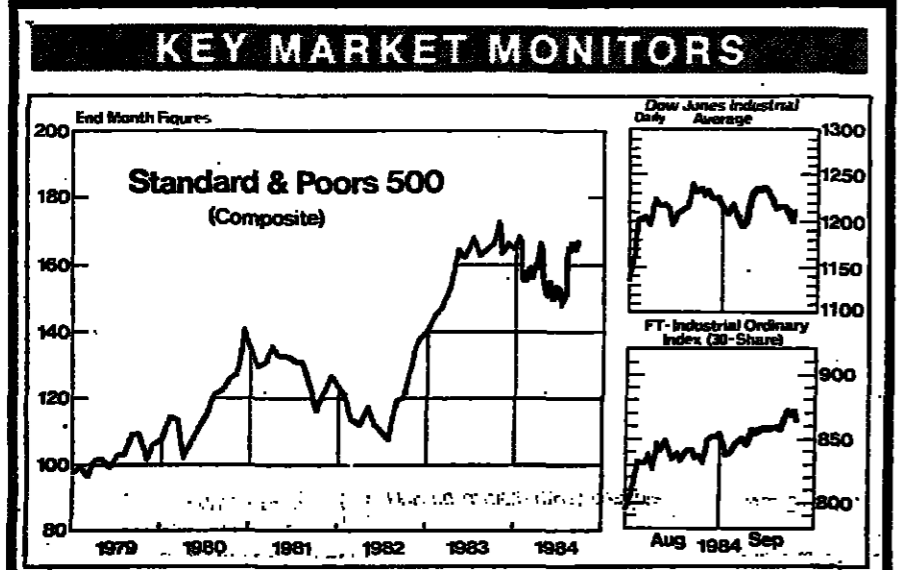


Table with columns for Stock Market Indices (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World) and Gold (per ounce) prices in London, Frankfurt, Zurich, Paris, Luxembourg, and New York.

Table with columns for Currencies (U.S. Dollar, Sterling, Euro-currencies, Interest Rates, U.S. Bonds, Financial Futures, Commodities) and their respective prices and yields.

HONG KONG PROFIT-TAKERS chose the run-up to the formal signing of the Sino-British accord on the future of Hong Kong to take advantage of the market's recent gains. After an early advance the Hang Seng index started a progressive slide under the weight of international institutional selling to finish 9.28 down at 990.82. Banks and utilities were steady, but properties fluctuated widely. Among property issues Cheung Kong fell 10 cents to HK\$8.35, Hongkong Land 5 cents to HK\$3.05 and Henderson Land 4 cents to HK\$1.40. AUSTRALIA SUPPORT for gold and mining issues was the highlight of otherwise thin trading in Sydney. The impetus for the renewed interest in the mineral sector came from a firm tone on international metals markets. The All-Resources index added 8.5 to 489.4. CRA added 14 cents to A\$5.04, Western Mining Corporation 19 cents to A\$3.25 and CSR 3 cents to A\$3.15. Industrials were subdued while banks were generally firmer, with the ANZ up 4 cents to A\$4.84, Westpac 3 cents to A\$3.75 and the National Commercial 2 cents to A\$3.35. SINGAPORE A LACK of fresh buying orders left sellers firmly in control in Singapore, and share prices eased across a broad front. The Straits Times industrial index lost 3.30 to 890.22, while turnover fell to 5.3m from last Friday's 7.7m, with two issues dominating the session. A further 599,000 Supreme Corporation shares changed hands as it closed 2 cents lower at S\$1.63, followed by Pahang Consolidated, which traded 465,000 shares and ended 1 cent up at S\$1.37. SOUTH AFRICA ENCOURAGING signs from the international bullion market pushed gold shares higher in Johannesburg during steady trading. Vaal Reefs finished R8 higher at R170.50, and Buffels R3 up at R80, while smaller issues moved in sympathy. Most mining financials closed firmer. A reduction in South Africa's annual inflation failed to spur activity in the industrial sector, and most issues closed steady with a slightly firmer bias. CANADA WEAKNESS remained evident during trading in Toronto with resource stocks, banks and utilities edging lower. Gold stocks provided the only resistance, although price movements were slight. Montreal was also down across a broad front in slow trading.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices, organized into columns with headers for 12 Month High/Low, Stock Name, Dividend, Yield, P/E Ratio, and Price. Includes sections for various stock categories like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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Continued on Page 31

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices. Columns include 12 Month High/Low, Stock Name, Div. Yld., P/E, 100s High/Low, and Change. Rows are organized by stock name starting with A (Adco, Allco, Alcoa) and continuing through Z (Zion, Zions).

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include 12 Month High/Low, Stock Name, Div. Yld., P/E, 100s High/Low, and Change. Rows are organized by stock name starting with A (Adco, Allco, Alcoa) and continuing through Z (Zion, Zions).

Continued on Page 32

Notes and footnotes regarding stock prices, dividends, and exchange rates. Includes text: 'Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week...' and 'a-dividend also extra; b-annual rate of dividend plus stock dividend...'.

WORLD STOCK MARKETS

AUSTRIA table with columns: Stock, Price, Change

GERMANY table with columns: Stock, Price, Change

NORWAY table with columns: Stock, Price, Change

AUSTRALIA (continued) table with columns: Stock, Price, Change

JAPAN (continued) table with columns: Stock, Price, Change

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

LONDON Chief price changes (in pence unless otherwise indicated)

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OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

LONDON Chief price changes (in pence unless otherwise indicated)

CANADA Closing prices September 24

MONTREAL Closing prices September 24

NEW YORK-DOW JONES

NEW YORK ACTIVE STOCKS

INDICES

NEW YORK CLOSING PRICES

NEW YORK CLOSING PRICES

NEW YORK CLOSING PRICES

NEW YORK CLOSING PRICES

NEW YORK CLOSING PRICES

AMERICAN STOCK EXCHANGE CLOSING PRICES

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AMERICAN STOCK EXCHANGE CLOSING PRICES

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table of share prices for hotels, including columns for company name, price, and change.

INDUSTRIALS (Misc.)

Large table of share prices for various industrial companies, including columns for company name, price, and change.

ENGINEERING—Continued

Table of share prices for engineering companies, including columns for company name, price, and change.

DRAPERY & STORES—Cont.

Table of share prices for drapery and stores companies, including columns for company name, price, and change.

BEERS, WINES—Cont.

Table of share prices for beer and wine companies, including columns for company name, price, and change.

AMERICANS

Table of share prices for American companies, including columns for company name, price, and change.

BRITISH FUNDS

Table of share prices for British funds, including columns for fund name, price, and change.

Advertisement for Evergreen with the slogan 'That's BTR'.

Advertisement for 'Shorts' (Lives up to Five Years).

Advertisement for 'Five to Fifteen Years'.

Advertisement for 'Over Fifteen Years'.

Advertisement for 'Index-Linked'.

Advertisement for 'INT. BANK AND O'SEAS GOVT STERLING ISSUES'.

Advertisement for 'COMMONWEALTH AND AFRICAN LOANS'.

BANKS, HP & LEASING

Table of share prices for banks, HP, and leasing companies, including columns for company name, price, and change.

CORPORATION LOANS

Table of share prices for corporation loans, including columns for company name, price, and change.

LOANS

Table of share prices for loans, including columns for company name, price, and change.

Public Board and Ind.

Table of share prices for public board and industrial companies, including columns for company name, price, and change.

Financial

Table of share prices for financial companies, including columns for company name, price, and change.

BEERS, WINES & SPIRITS

Table of share prices for beer, wine, and spirit companies, including columns for company name, price, and change.

DRAPERY AND STORES

Table of share prices for drapery and stores companies, including columns for company name, price, and change.

ENGINEERING

Table of share prices for engineering companies, including columns for company name, price, and change.

HOTELS AND CATERERS

Table of share prices for hotels and caterers, including columns for company name, price, and change.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and British Telecom.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and British Telecom.

Components

Table of component stocks including companies like British Airways, British Petroleum, and British Telecom.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom.

Garages and Distributors

Table of garage and distributor stocks including companies like British Airways, British Petroleum, and British Telecom.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom.

PAPER, PRINTING

Table of paper and printing stocks including companies like British Airways, British Petroleum, and British Telecom.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and British Telecom.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and British Telecom.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY

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MINES—Continued

Table of mine stocks including companies like British Airways, British Petroleum, and British Telecom.

TINS

Table of tin stocks including companies like British Airways, British Petroleum, and British Telecom.

Miscellaneous

Table of miscellaneous stocks including companies like British Airways, British Petroleum, and British Telecom.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom.

NOTES

Notes regarding stock market regulations and company announcements.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like British Airways, British Petroleum, and British Telecom.

Options—3-month call rates

Table of 3-month call rates for various options including companies like British Airways, British Petroleum, and British Telecom.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Alliance Unit Tr. Mgrs., and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Group-Continued, British Unit Tr. Mgrs., and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Unit Tr. Mgrs., British Unit Tr. Mgrs., and others, with columns for name, manager, and performance metrics.

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F.T. CROSSWORD PUZZLE No. 5526. Includes a crossword grid and a list of clues for across and down words.

FT UNIT TRUST INFORMATION SERVICE. A large section containing detailed information about various unit trusts, including their names, managers, and performance data.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including Liberty Life Assurance Co. Ltd, National Provident Institution, and various international funds.

Table of financial data for insurance, overseas, and money funds, including Target Life Assurance Co. Ltd, CAL Investments (UK) Ltd, and various international funds.

Table of financial data for money market bank accounts, including Money Market Bank Accounts, Money Market Trust Funds, and Money Market Bank Accounts.

Money Market Bank Accounts

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Notes regarding interest rates and other financial details.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas funds, including Achimedes Investment Fund SA, Adly Investment, and various international funds.

COMMODITIES AND AGRICULTURE

Tea values rise again at London's auctions

By Our Commodities Editor

TEA PRICES rose again at the London weekly auctions yesterday, but the advance was fairly modest. The indicative price for quality teas was up by 10p to 350p a kilo. Medium grade teas also gained 10p to 310p and low medium 6p to 270p.

The overall average is expected to be about 10p higher making it just below 300p and still below the 317p record reached in January.

Mr George Neale, of Wilson Smithett & Cope, said the upward trend in prices is being maintained with a strong and active demand. However, no one was getting over excited, as happened in January, so the market was not so volatile.

Nevertheless, brokers generally believe that prices will continue to rise if India maintains its restrictions on exports, since the world shortage of supplies remains. On this occasion, however, the trade is taking a cautious approach, being in mind the possible impact on demand of a sudden further surge in prices.

Reuter reported from Mombasa that there was less general demand at the East African tea export auction yesterday with uncertainty due to the irregularity of international currencies the previous week, the East African Tea Trade Association said.

In Nairobi the Kenya Tea Development Authority will pay smallholder tea farmers 5.5 Kenya shillings a kilo for green leaves this year compared with 2.5 shillings in 1982-1983, Mr William Arap Saita, the assistant minister for Agriculture and Livestock, said.

Mr Saita told tea farmers at the weekend that the rise in world tea prices was the main reason for the doubling of payments

Unexpected rise in copper stocks

BY OUR COMMODITIES EDITOR

AN UNEXPECTED rise in warehouse stocks depressed copper prices on the London Metal Exchange yesterday. At one stage the three months quotation for higher grade copper dipped to £1,044 before rallying in the late afternoon on the weaker trend in sterling to close at £1,050.25 a tonne, £150 down on Friday's close.

The rise of 2,475 tonnes in copper holdings in the LME warehouses is the second consecutive weekly increase after a long period of declining stocks. Traders had been expecting further shipments out to meet sales commitments to China and Japan.

In contrast to copper, warehouse stock declines helped boost lead and zinc values. Cash lead rose by £11.75 to £333.25 a tonne. Buying interest was stimulated by hopes of a rise in demand from battery makers following the tentative agreement ending the General Motors strikes.

Traders noted that Asarco, a leading U.S. lead producer, is threatened by the expiry of labour contracts at its Glover smelter in Missouri on September 30. Workers at other Missouri lead producers have been on strike for some time. Any further cut in supplies could be serious with LME lead stocks already at the lowest level since January 1982.

Zinc stocks in LME warehouses are at the lowest level for over nine years, but the latest figures from the European Zinc Institute, out yesterday, reported stocks of zinc held by non-Communist world smelters rose during August by 16,300 tonnes to 444,100 tonnes, against 352,900 tonnes at end of August 1983.

Imports of citrus fruit from Florida. An Agriculture Ministry statement said imports of contaminated fruit could threaten Barbados's own plantations.

Our Commodities Staff writes: orange juice prices fell back on the New York futures market in early dealings yesterday following crop estimates by the U.S. Department of Agriculture. The department's annual crop report estimated the average yield per acre of the 1983-84 U.S. orange crop at 227 boxes per acre, against 200 in 1982-83 and 227 in 1981-82.

Cocoa price jumps on renewed crop fears

BY OUR COMMODITIES EDITOR

COCOA prices jumped again on the London futures market yesterday to reach the highest level since the end of May. The December position rose £28.50 to £2,014.50 a tonne, but there were gains of over £50 in the more distant delivery positions. Until now the market has been dominated by a shortage of nearby supplies, but yesterday it rose to renewed fears of setbacks to next year's crops. Speculative buying was also encouraged by the market breaking through a significant chart point in New York.

Mr Z. Z. LAM, first shipment of frozen lamb to Iraq for four years will leave next week. About 2,000 tonnes in all will be shipped.

SOVIET cotton crop will meet and probably exceed the 9.4m tonne official target, but the Soviets will continue to need imports from the U.S. well into 1985, the U.S. Agriculture Department office in Moscow said in a field report.

INDIA'S sugar output fell to 5.56m tonnes in the first 10 months of 1983/84 ending September from 8.2m in the same period last year, the Indian Sugar Mills Association said.

U.S. vast quantities of green coffee in the week ended September 15 were about 325,000 (60 kilo) bags, including that used for soluble production, compared with 345,000 bags in the corresponding week of last year, George Gordon Paton and Co Inc said.

Roastings for the year to September 15 totalled 11.7m bags, compared with 11.2m in the same period last year.

AUSTRALIAN sugar's first advance payment for the 1984 crop will be raised by A\$20 to A\$180 a tonne for 94 net litre bags, Mr Bill Tully, Queensland Primary Industries Minister, said.

Even bigger grain crop expected

BY JOHN EDWARDS, COMMODITIES EDITOR

THE record UK grain harvest could be even bigger than the United Kingdom Agricultural Supply Association forecast yesterday. Mr Anthony Andrews, president of Ukasta, said the association believed the Ministry of Agriculture had underestimated the wheat crop. This is estimated at 10.5m tonnes in its preliminary forecasts. Ukasta's figures, which were checked by local merchants, put the UK wheat crop at a massive 14.9m tonnes. This is 4.1m tonnes above last year's return of 10.8m tonnes.

Barley production this year is estimated at 10.5m tonnes, 600,000 tonnes above last year in spite of lower plantings. The total crop of all grains is predicted to reach 28m tonnes, 4.7m tonnes above last year, and some 4m tonnes over the previous record in 1982.

With domestic consumption expected to decline following the introduction of milk production quotas, Mr Andrews said the UK was likely to have a surplus of over 8m tonnes of wheat and 4m tonnes of barley. He noted that other member countries in the European Community were also having record harvests. As a result, the EEC wheat surplus was forecast at 20m tonnes and barley at 14m tonnes.

Mr Andrews said that in the UK, exceptional measures needed to be taken with this exceptional crop. He urged the Government and the Export Credits Guarantee Department to take immediate steps to make credit available so that the UK could compete on equal terms with fellow Community members on exports. "Export is the only real answer to the disposal of the UK surplus production," he said.

Presently, the main option for disposal of the harvest appeared to be intervention buying, which had already attracted a vast quantity of feed grain offers. However, Mr Andrews said this was only a short-term answer that would leave a long-term problem.

Grain traders expect at least some of the provisional licences granted last week by the EEC Commission for exporting 4m tonnes to Soviet bloc countries to be taken up, in spite of the fall in the value of the dollar on Friday.

It is believed that the French traders get their sums right in calculating the various concessions made and will not have to withdraw all the applications they did the previous week. However, it is very unlikely the full 4m tonnes will be taken up. Meanwhile, Reuter reported from Brussels that representatives from leading wheat exporting countries will meet in Buenos Aires early next week to discuss the outlook for world markets.

Soviet sales for Sweden

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDEN has made its first direct grain sale to the USSR for 12 years in a deal to supply 300,000 tonnes of wheat and oat.

The deal worth SKr 300-350m (£28-32.5m), said Mr Lennart Forsberg, managing director of the Swedish Grain Trading Association, which handles exports of Sweden's grain surplus.

Sweden is heading for a record grain surplus this year of close to 2m tonnes, virtually double the normal level, but the deal worth about 15 per cent of it. Moscow is buying 250,000 tonnes of wheat and 50,000 tonnes of oats.

Relations between Sweden and the USSR have been strained for several years following repeated violations of Swedish waters and airspace by the Soviets.

In spite of further recent violations the Swedish Government has been trying for several months to improve contacts with Moscow.

During the summer, the first firm sign of a thaw came with the visit to Stockholm by Mr Valentin Mesyats, the Soviet Agriculture Minister.

The question of direct grain sales was broached during this visit by the Swedish Government, which is anxious to halt the continuing decline in trade with the Soviet Union.

For its part the USSR is further diversifying its grain purchases, and some recent visits from the U.S. suggest that its grain imports could return this year to the record level of 45-46m tonnes reached in 1982.

Surge in Indian yields seen as breakthrough

BY D. P. KUMAR IN NEW DELHI

INDIA'S Agriculture Ministry has claimed an "incredibly high" grain yield of 151,54m tonnes in 1983-84 (April to March) ushering in a "second green revolution" in the country.

This is a big jump from the output of even four years ago, in 1979-80, of 125m tonnes. The target for 1984-85 estimates the grain yield of 154m tonnes, but from the present trend it will far surpass that.

In the big spurt in grain output some 10 years ago, the breakthrough was made in the northern states of Punjab, Haryana and Uttar Pradesh. This time the agriculturally backward states have also moved fast on the farm production front, according to Mr S. P. Mukherji, the Agriculture Secretary.

The 1983-84 yield is some 19 per cent higher than the previous year, and "is too astounding to be believed," according to Mr Mukherji. However, procedures and techniques for estimating farm output have improved enough not to leave any scope for estimates going wrong, he contended.

He also talked of "bulging" buffer stocks, creditable procurement of foodgrains by government agencies, and the offset of foodgrains from the public distribution system and a decline in the wholesale prices of foodgrains.

If the trend is maintained, India could export foodgrains regularly in future.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Sept. 24 1984, + or -, Month ago. Rows include Metals, Copper, Gold, Silver, etc.

Ban on citrus movements

WINTER HAVEN - Mr Doyle Conner, Florida's Agriculture Commissioner, banned intra-state shipment of citrus fruit for an indefinite period while the effort to track down outbreaks of Citrus Canker continues, Reuter reported.

Mr Conner said he was cancelling shipment permits previously issued to growers whose fruit had been certified free of canker.

The restrictions follow discovery of canker over the weekend in another Florida nursery, which had confirmed infestation, the state confirmed infestation. Meanwhile Barbados banned imports of citrus fruit from Florida.

BRITISH COMMODITY PRICES

Table with columns: Base-Metal Prices, Copper, Tin, Lead, Zinc, Aluminium, Nickel. Rows include various metal prices and their changes.

AMERICAN MARKETS

Table with columns: New York, Chicago, London, etc. Rows include various commodity prices and their changes.

LONDON OIL

Table with columns: Spot Prices, Change, etc. Rows include various oil prices and their changes.

GAS OIL FUTURES

Table with columns: Month, Year's days, etc. Rows include various gas oil futures prices and their changes.

LONDON FUTURES

Table with columns: Month, Year's days, etc. Rows include various London futures prices and their changes.

GOLD MARKETS

Table with columns: Gold Bullion, etc. Rows include various gold market prices and their changes.

INDICES

Table with columns: Financial Times, etc. Rows include various index prices and their changes.

MEAT/FISH

Table with columns: Coveny Garden, etc. Rows include various meat and fish prices and their changes.

EUROPEAN MARKETS

Table with columns: Rotterdam, etc. Rows include various European market prices and their changes.

WHEAT

Table with columns: U.S. No. 2, etc. Rows include various wheat prices and their changes.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak but above lows

Further intervention by the West German Bundesbank pushed the dollar weaker in currency markets yesterday.

fall although the possibility of an escalation in the miners' strike may have undermined confidence.

sterily lower in Frankfurt yesterday. The U.S. unit was fixed at DM 3.0210 compared with DM 3.0240 on Friday with the Bundesbank selling \$9.75m at the fixing.

Softer tone

Prices were mostly marked down in the London International Financial Futures Exchange yesterday.

Three-month Euro-dollar deposits failed to attract much inspiration although over 3,000 lots were traded in the December contract.

FINANCIAL FUTURES

STERLING EXCHANGE RATE INDEX

Table with columns: Rate, % change, % change adjusted for divergence, Divergence limit %.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, % change, % change adjusted for divergence, Divergence limit %.

CURRENCY MOVEMENTS

Table with columns: Currency, Bank of England, Morgan Guaranty, % change.

DOLLAR SPOT - FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, % p.a., Three months, % p.a.

EXCHANGE CROSS RATES

Table with columns: Country, Currency, Value of £ sterling.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

MONEY MARKETS

UK rates slightly easier

Interest rates were lower in London yesterday in rather subdued trading. Sterling was a little weaker overall but the dollar was significantly weaker.

MONEY RATES

Table with columns: Term, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin.

LONDON MONEY RATES

Table with columns: Term, Sterling, Interbank, Local Authority Deposits, Company Deposits, Market Deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

FT LONDON INTERBANK FIXING

Table with columns: Term, Bid, Offer.

MONEY RATES

Table with columns: Term, Prime rate, Broker loan rate, Fed funds at intervention, Treasury Bills, One month, Two month, Three month, Six month, One year.

NEW YORK (Lunchtime)

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MARK II McCORMACK 'What They Don't Teach You At Harvard Business School' Mark McCormack's IMG (International Management Group) is a multi-million-dollar corporation operating worldwide throughout business and marketing.

MEGATRENDS John Naisbitt 'The book that does for the '80s what Future Shock did for the '70s' An analysis of ten observable trends of today that are pointers to the future NOW A FUTURA PAPERBACK £2.50

Table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and using sterling-dollar rates; (T) tourist rate; (B) basic rate; (Bp) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (f) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 24.

Table of international bond issues with columns for Country, Issue, Maturity, Price, and Yield. Includes sections for U.S. Dollar, Sterling, Deutsche Mark, and Swiss Franc.

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CAPITAL MARKETS

EUROBONDS

New York fall hits Eurodollar issue

BY MAGGIE URRY IN LONDON
DEPRESSED by the fall in the New York bond market on Friday, the Eurodollar bond market was quiet yesterday with prices falling by 1/2 points. Issue managers are still expecting more U.S. corporate borrowers to tap the market, but there was only one new issue yesterday, a \$40m convertible from Accor, the French hotel group.

OVER-THE-COUNTER

Large table of over-the-counter market data with columns for Stock, Sales, High, Low, Last, and Change. Includes sections for Continued from Page 32, A-C, D-F, G-I, J-L, M-P, Q-R, S-T, U-V, W-X, Y-Z.



BOOKER'S WORLD INCREASING ITS LEAD IN A HEALTHY GROWTH BUSINESS

With interest in healthy eating growing daily, Booker McConnell - already the leader in the health foods market in the UK - is strongly placed to take full advantage of the trend. Profits from Booker Health Foods over the last 10 years have grown at a compound average of 27% per year.

Table of over-the-counter market data with columns for Stock, Sales, High, Low, Last, and Change. Includes sections for A-C, D-F, G-I, J-L, M-P, Q-R, S-T, U-V, W-X, Y-Z.

Booker McConnell PLC LEADERS IN TOMORROW'S WORLD

Vertical text on the right edge of the page, including 'Growth in fall with shut...' and other fragments.